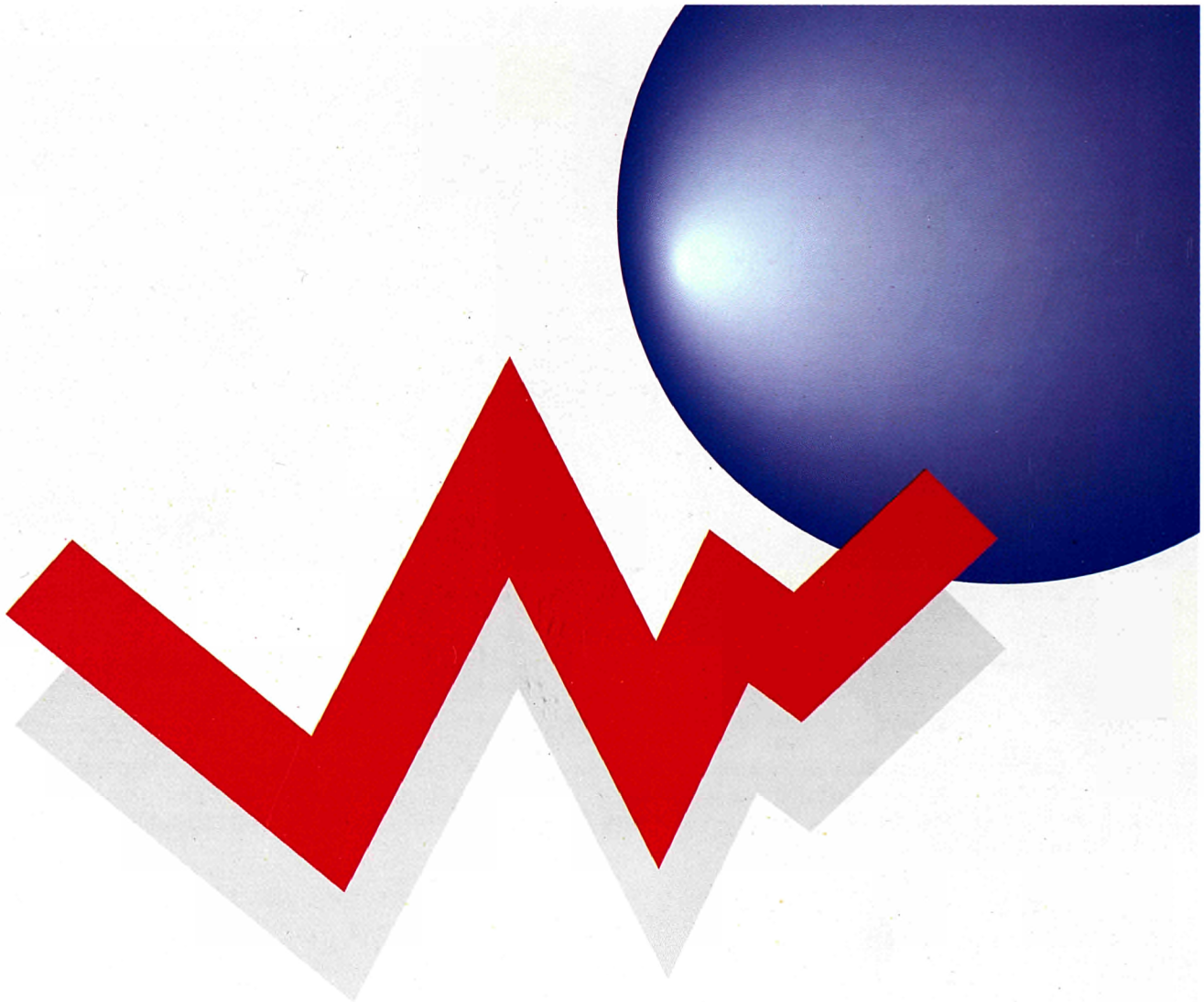
ISSN 1021-349X

Panorama of EU industry

Short-term supplement
Latest information on EU industry

bi-monthly

4/1996



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Short-term supplement
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Theme
Energy and industry
Series
Short-term statistics

4
B

Sent to press in June 1996

A great deal of additional information on the European Union is available on the Internet. It can be accessed through the Europa server **(http://europa.eu.int)**.

Luxembourg: Office for Official Publications of the European Communities, 1996

Printed in Luxembourg *Printed on white chlorine-free paper*

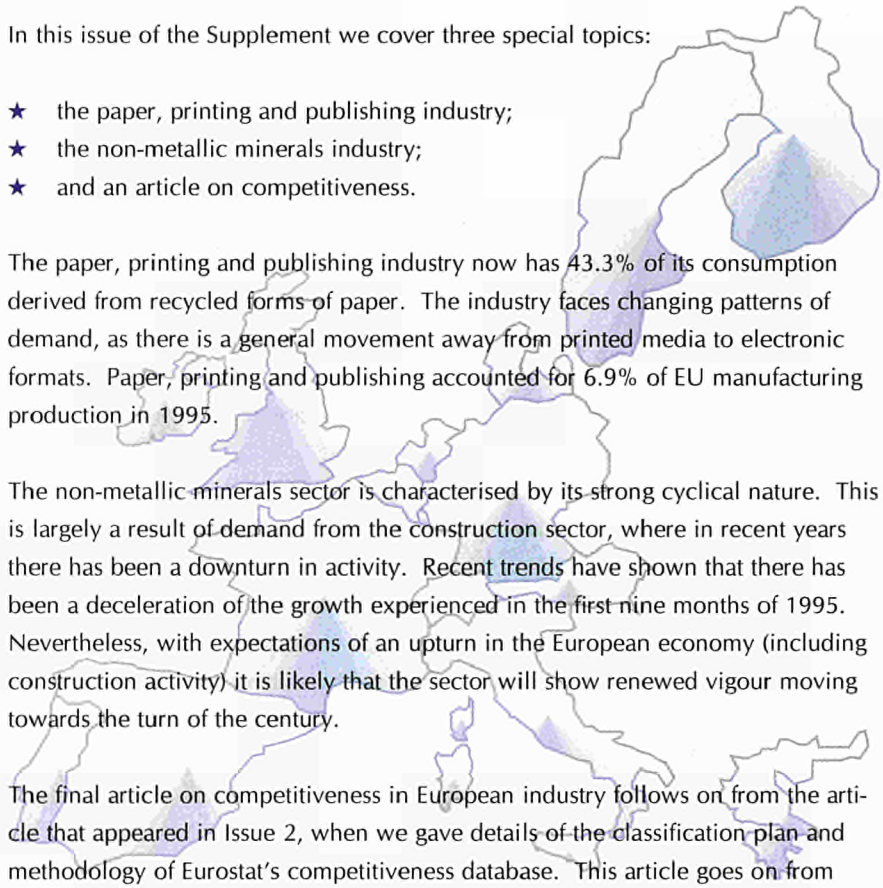
ISSUE 4 - 1996
Paper, printing and publishing
Non-metallic mineral products
Competitiveness

4/96

In the spring of 1996, Directorate General II for economic and financial affairs of the European Commission adjusted its forecasts for growth in the volume of gross domestic product for 1996 and 1997 to 1.5% and 2.4% respectively. Their forecasts of employment growth remained positive, although they were reduced to 0.2% in 1996 and 0.6% in 1997.

In this issue of the Supplement we cover three special topics:

- ★ the paper, printing and publishing industry;
- ★ the non-metallic minerals industry;
- ★ and an article on competitiveness.



The paper, printing and publishing industry now has 43.3% of its consumption derived from recycled forms of paper. The industry faces changing patterns of demand, as there is a general movement away from printed media to electronic formats. Paper, printing and publishing accounted for 6.9% of EU manufacturing production in 1995.

The non-metallic minerals sector is characterised by its strong cyclical nature. This is largely a result of demand from the construction sector, where in recent years there has been a downturn in activity. Recent trends have shown that there has been a deceleration of the growth experienced in the first nine months of 1995. Nevertheless, with expectations of an upturn in the European economy (including construction activity) it is likely that the sector will show renewed vigour moving towards the turn of the century.

The final article on competitiveness in European industry follows on from the article that appeared in Issue 2, when we gave details of the classification plan and methodology of Eurostat's competitiveness database. This article goes on from there to look in more detail at the cost and price indicators in the database. Among the variables most often used to explain economic efficiency are labour productivity and measures of unit costs and prices. These form an important group of sector specific indicators in the database, which may aid the analyst in examining the factors behind the success or failure of an industry. Due to the mathematical formulas used in their calculation, these indicators have been termed "single weighted" and "double weighted". The article demonstrates the mathematical derivation of the indicators, as well as the concepts upon which they are based.

PHOTIS NANOPOULOS, DIRECTOR
BUSINESS AND ENERGY STATISTICS, R&D, AND STATISTICAL METHODS

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ISSUE 4 - 1996
Pape, printing and publishing
Non-metallic mineral products
Competitiveness

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. In addition the Supplement aims to provide topical articles of general interest to the reader.

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Directorate General II for Economic and Financial Affairs of the European Commission adjusted its forecasts for growth in the volume of gross domestic product for 1996 and 1997 downwards after slower than expected growth in the final months of 1995. An adjustment in the level of stocks and the turbulence of exchange rates in spring 1995 were given as the main reasons. The expected drop in economic growth between 1995 and 1996 therefore came to 1.0 percentage point. Although the predicted changes in employment remained positive, they were adjusted downwards too. After a predicted rise of 0.6% in 1995, following a reduction in employment in both 1993 and 1994, the Commission forecast employment to rise by 0.2% in 1996 and by 0.6% in 1997. In the autumn forecasts, the figures had been 0.9% and 1.1%.

1996 DGII forecasts adjusted downwards after diminished growth at the end of 1995

For the individual Member States, the decline in economic growth varied. According to the Commission forecasts, economic growth will not accelerate in 1996 in any of the 15 Member States. However, growth in the United Kingdom was expected to remain stable at 2.4%. Capacity utilisation was seen to remain well under its maximum due to strong growth in fixed capital formation of 4.2% in 1996 and 4.9% in 1997. After attaining a high of 85.2% in the second quarter of 1995, capacity utilisation in industry had already dropped to 82.9% in the first quarter of 1996. Consumer price inflation has continued to fall for the past seven months, from 3.5% in September 1995 to 3.0% in April 1996. The forecasts foresaw annual rates of between 2.5% and 2.7% for 1996 and 1997.

In all three other large Member States, economic growth was expected to drop. In Germany, economic growth slowed from 2.8% in the first quarter of 1995 to -2.0% in the final quarter of 1995 (quarter-to-quarter at annualised rates). The annual rate for 1995 therefore came to 1.9%, which was expected to drop by 1.4 percentage points to 0.5% in 1996. This it argued on the basis of the effects that tax decreases scheduled for 1996 will have and the continued drop in short and long term interest rates. In making its forecasts, the commission subsequently assumed a return of the DM/ECU exchange rate to approximately 1.90 in 1996, a depreciation of 1.3% compared to its 1995 average of 1.87 DM. The positive effect on exports of this depreciation and a restoration to growth of fixed capital formation led the Commission to expect German economic growth would rebound in 1997 to 1.8%.

Economic growth in France declined throughout 1995 in much the same way as in Germany. In the final quarter of 1994, gross domestic product grew by an annualised rate of 4.0% on the quarter before. This rate dropped to -1.2% in the fourth quarter of 1995. Part of the full decline was caused by the public sector strikes in November and December. Exports also declined, partly due to the reduction in

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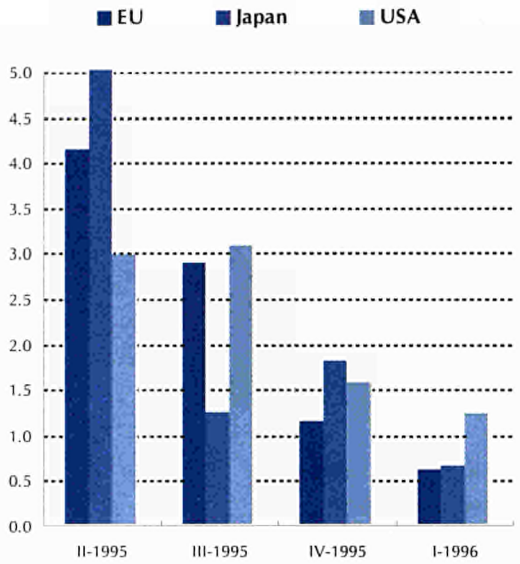
FIGURE 1.1

Year on year growth rates (t / t-4) for industrial production (%)

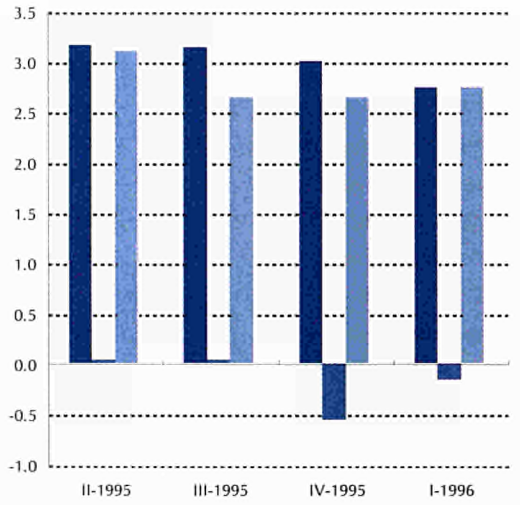


SOURCE: eurostat

activity in the European Union as a whole. Consumer spending improved somewhat at the start of 1996. Although consumption of manufactured goods increased by 6.1% in January 1996 on the same month of 1995, consumer confidence remained depressed. Business confidence grew during the first months of 1996 and concurrently, the European Commission forecast a return to growth in France through increased investment in equipment, further strengthened by a decrease in interest rates. Its forecasts for GDP for 1996 and 1997 came to 1.0% and 2.1% respectively.

FIGURE 1.2

Year on year growth rates (t / t-4) for consumer prices (%)

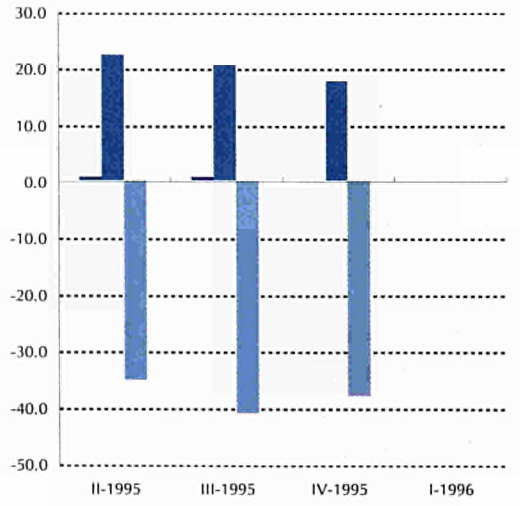


SOURCE: eurostat

The Italian economy displayed rather erratic quarterly growth rates during 1995. Over the whole year, GDP increased by 3.0%. Exports and investment played a major role in the first half of 1995, whereas during the second half, both lost their role as the main engines of growth. It was doubtful whether exports would play an equally important role in 1996 as Italy's main trading partners, France and Germany, were both forecast to experience a stagnation in economic activity. Private and public consumption was somewhat depressed during 1995, primarily because of cuts in government spending. Domestic demand was expected to retain a moderate growth rate of around 1.8% in 1996, despite a further decrease in government consumption.

FIGURE 1.3

Quarterly trade balance (billion ECU)



SOURCE: eurostat

The Commission forecasts foresaw a relatively mild down-turn in the growth of GDP (compared to the other countries) for Greece and Portugal. Economic growth was expected to decline by only 0.2 percentage points for the latter and even to remain stable for the former in 1996. While foreseen to experience a significant drop in the growth rate of GDP, the rate was expected to remain relatively high in 1996 in Finland and Ireland. Ireland especially has been going through a period of extremely fast economic growth in recent years. According to the Commission forecasts, the Irish economy will lose some of its momentum in 1996 and 1997, but with expected growth in GDP of 5.6% and 4.9%, it would still be the country with the highest growth rate in the European Union. Finland was expected to come second with economic growth of 3.0% and 3.6% for the same years.

TABLE 1.1

Year on year growth rates (t / t-12) for industrial production (%)

	EUR15	Japan	USA
05-95	4.8	4.6	3.1
06-95	3.4	3.0	2.8
07-95	3.6	1.0	2.8
08-95	3.3	1.5	3.2
09-95	1.9	1.2	3.1
10-95	0.6	1.1	1.7
11-95	1.5	1.2	1.7
12-95	1.3	3.1	1.2
01-96	0.5	1.9	0.7
02-96	0.5	1.1	1.8
03-96	0.8	-0.8	1.1
04-96	-0.3	-0.7	3.2

SOURCE: eurostat

TABLE 1.2

Year on year growth rates (t / t-12) for consumer prices (%)

	EUR15	Japan	USA
06-95	3.2	0.3	3.0
07-95	3.1	0.1	2.8
08-95	3.1	-0.2	2.6
09-95	3.2	0.2	2.5
10-95	3.0	-0.7	2.8
11-95	3.0	-0.7	2.6
12-95	3.0	-0.3	2.5
01-96	2.8	-0.4	2.7
02-96	2.7	-0.2	2.7
03-96	2.7	0.1	2.8
04-96	2.7	0.3	2.9
05-96	2.7	0.2	2.9

SOURCE: eurostat

TABLE 1.3

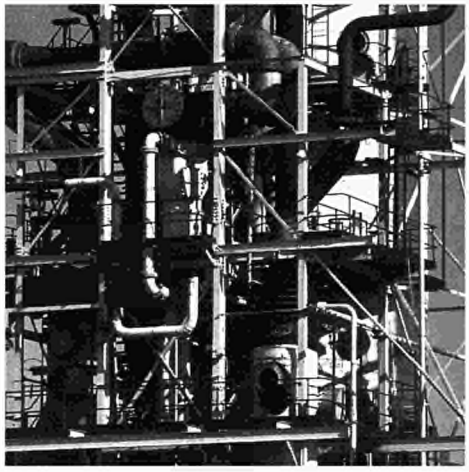
Monthly trade balance (billion ECU)

	EUR12	Japan	USA
01-95	-2.7	2.3	-13.5
02-95	0.0	9.0	-9.3
03-95	0.9	10.5	-9.7
04-95	0.2	8.1	-10.7
05-95	-0.5	5.3	-11.9
06-95	1.0	8.8	-12.8
07-95	1.8	7.0	-14.8
08-95	-0.1	4.6	-13.9
09-95	-1.1	8.8	-12.4
10-95	N/A	4.1	-14.0
11-95	N/A	5.0	-11.7
12-95	N/A	8.4	-12.4

SOURCE: eurostat

The USA seemed to continue its five year old period of economic expansion. Although growth in 1995 at 2.0% was not as high as in 1994, the Commission did not expect this trend to continue into 1996. On the contrary, economic growth was expected to accelerate slightly to 2.1% in 1996 and 2.5% in 1997. As for many European countries, this forecast depended a great deal on the future development of interest rates. Long-term interest rates had started to increase again, in response to rising inflation, reaching 6.5% in April 1996, after falling from 7.9% at the start of 1995 to a low of 6.0% in January 1996. Inflation increased at the same time to 2.9% in April 1996 after having attained a minimum rate of 2.5% in December 1995. A rise in non-agricultural employment of 348 thousand in May (much higher than expected), raised fears of a further increase in the inflation rate, making a rise in interest rates by the Federal Reserve Bank more likely. Other measures of activity also displayed an acceleration in economic growth. The year-on-year growth rate of industrial production, which declined monotonically during the six months up to January 1996, increased by 2.5 percentage points in the first months of 1996 to 2.6% in April.

Japanese GDP data for the first quarter of 1996 revealed an unexpectedly high growth rate of 3.0% compared to the last quarter of 1995. The Japanese recovery, which did not yet show convincing signs of gaining speed up until the end of 1995, has now brought the average rate of growth for the 1995/96 financial year to normal levels again. Whether the Japanese economy would be able to continue in this fashion was uncertain though for two reasons. Firstly, the Japanese government, which spent 9.5 trillion yen (77.3 billion ECU) on a number of expansive stimulation measures during the current financial year, would have to tighten its fiscal policy in order to bring down the now rapidly increasing public debt. The ratio of gross public debt to GDP was estimated to have risen from 63% in 1991 to as much as 95% in 1996. Secondly, as Japan moved steadily away from a period of deflation, the Bank of Japan would have to raise its discount rate, since September at an all-time low of 0.5%. This could then prolong problems for the large number of mortgage banks (*jusen*) and their parent credit banks, which were still coping with bad debts left over from the collapse of the real-estate market. The finance ministry's plan to restructure the mortgage banking sector, presented in December of 1995, would cost another 685 billion yen of government money.



The trend - the index corrected for seasonal and one-off fluctuations - in the EUR15 production volume remained virtually flat in the first quarter of 1996. During the last quarter of 1995 production volume had grown by an average annualised rate of 1.4%. During January to March 1996 this average dropped to 0.7%. This change was caused mainly by a drop in the growth rate of production in the capital goods sector. In this sector, the average month-on-month growth rate fell from 10.0% in the fourth quarter of 1995 to 1.2% in the first quarter of 1996. In the intermediate and consumer goods sectors, the growth rates increased over the final quarter of 1995.

EUR15 industrial production stagnated during first quarter of 1996

The year-on-year growth rates displayed the same development. Compared with the same month of the previous year, industrial production increased by 0.9% in March of 1996, down from 1.2% in December of 1995. The decline in growth rates of production in the capital goods sector was less marked when measured in annual terms. The data did however show a clear peak in growth rates, at 7.8% in December of 1995. By March 1996, the rate had dropped to 4.6%. Annual growth rates remained negative in the intermediate goods sector during the first three months of 1996, as they had been since October 1995. During the period from December 1995 to February 1996, the durable and non-durable consumer goods sectors both experienced a drop in production when compared to levels of the previous year. Their growth rates turned positive again in March of 1996, at 0.3% and 0.9% respectively.

The rate of increase seen in producer prices slowed in March 1996. Between October 1995 and February 1996, producer prices rose by 0.5% (an average of 0.1% a month or 1.3% annually). In March 1996, producer prices fell 0.2%, causing the annual rate to slow to 1.4% from 1.8% in February 1996. This trend was mirrored in all sectors except consumer durables. Here, producer price inflation increased from 2.5% in December 1995 to 2.8% in March 1996. In the intermediate goods sector, the annual increase in producer prices slowed considerably from 3.0% in December 1995 to 0.2% in March 1996.

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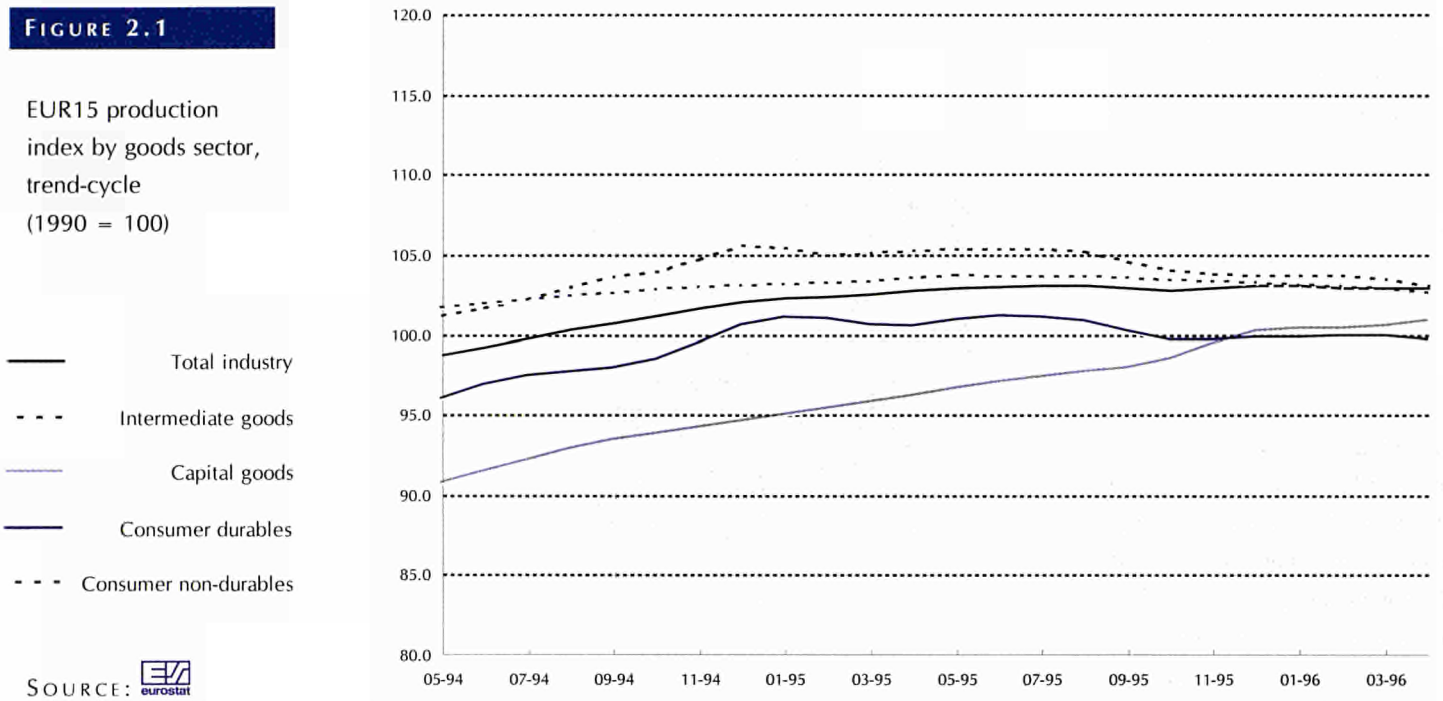
FIGURE 2.1

EUR15 production index by goods sector, trend-cycle (1990 = 100)



SOURCE: eurostat

TABLE 2.1

Three month on three month growth rates for the production index, based on a seasonally adjusted series (%)

	Latest quarter available			Total industry	Intermediate goods	Capital goods	Consumer durables	Consumer non-durables
EUR15	02-96	⇨	04-96	-0.3	-0.3	-0.3	0.0	-0.4
B	12-95	⇨	02-96	0.0	-4.7	-0.4	-1.3	0.1
DK	02-96	⇨	04-96	1.4	2.2	-2.0	-0.6	3.8
D	02-96	⇨	04-96	-0.6	-1.3	-1.0	-1.1	1.5
GR	01-96	⇨	03-96	-0.7	-0.9	0.2	-0.5	0.6
E	02-96	⇨	04-96	-0.8	-0.4	1.4	-0.2	-2.2
F	02-96	⇨	04-96	0.6	1.7	0.0	1.2	-0.2
IRL	12-95	⇨	02-96	0.9	5.0	-3.5	N/A	-0.9
I	02-96	⇨	04-96	-2.3	-1.3	-3.1	-0.8	-3.0
L	01-96	⇨	03-96	0.6	-1.7	12.9	-23.0	-0.6
NL	02-96	⇨	04-96	1.3	1.8	1.6	1.1	0.9
A		⇨		N/A	N/A	N/A	N/A	N/A
P	10-95	⇨	12-95	1.8	-0.1	2.7	-3.4	-4.1
FIN	02-96	⇨	04-96	-0.4	0.6	0.7	16.2	1.4
S	02-96	⇨	04-96	-0.5	-0.2	-1.2	-4.8	0.8
UK	02-96	⇨	04-96	0.3	-0.2	0.3	1.6	1.0

SOURCE: eurostat

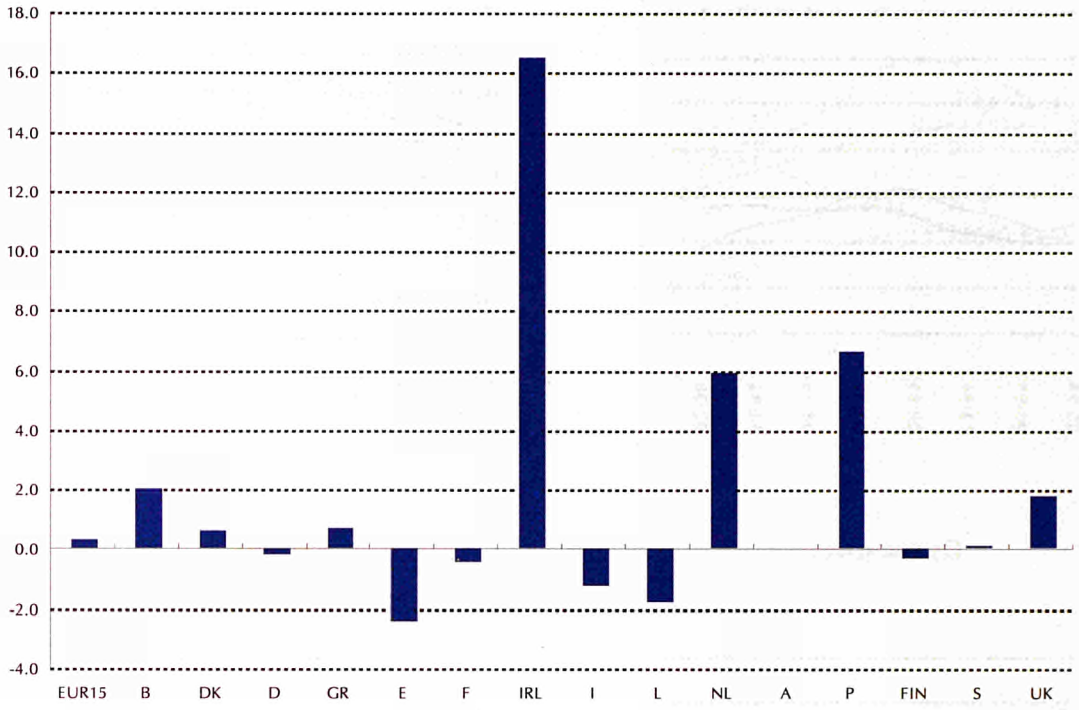


FIGURE 2.2

Year on year growth rates for the production index, based on changes from the corresponding quarter of the previous year (%)

SOURCE: eurostat

	Latest quarter available			Total industry	Intermediate goods	Capital goods	Consumer durables	Consumer non-durables
EUR15	02-96	⇨	04-96	0.3	-1.5	4.6	-0.4	-0.6
B	12-95	⇨	02-96	2.0	-6.6	2.4	-4.3	7.7
DK	02-96	⇨	04-96	0.6	-2.9	2.7	-5.4	3.6
D	02-96	⇨	04-96	-0.2	-5.6	5.6	-2.0	2.3
GR	01-96	⇨	03-96	0.7	0.4	-2.9	13.8	3.7
E	02-96	⇨	04-96	-2.5	-2.6	2.5	0.5	-6.1
F	02-96	⇨	04-96	-0.5	0.4	-0.3	3.0	-0.8
IRL	12-95	⇨	02-96	16.5	13.9	34.7	N/A	-0.8
I	02-96	⇨	04-96	-1.3	-2.2	7.4	-4.1	-4.5
L	01-96	⇨	03-96	-1.8	-5.9	6.4	10.2	-0.7
NL	02-96	⇨	04-96	5.9	6.5	7.4	4.0	4.0
A		⇨		N/A	N/A	N/A	N/A	N/A
P	10-95	⇨	12-95	6.6	2.5	7.1	-0.1	-0.7
FIN	02-96	⇨	04-96	-0.3	-0.1	12.4	49.0	-0.4
S	02-96	⇨	04-96	0.1	-3.5	4.9	-5.7	1.1
UK	02-96	⇨	04-96	1.7	1.7	3.0	2.2	0.8

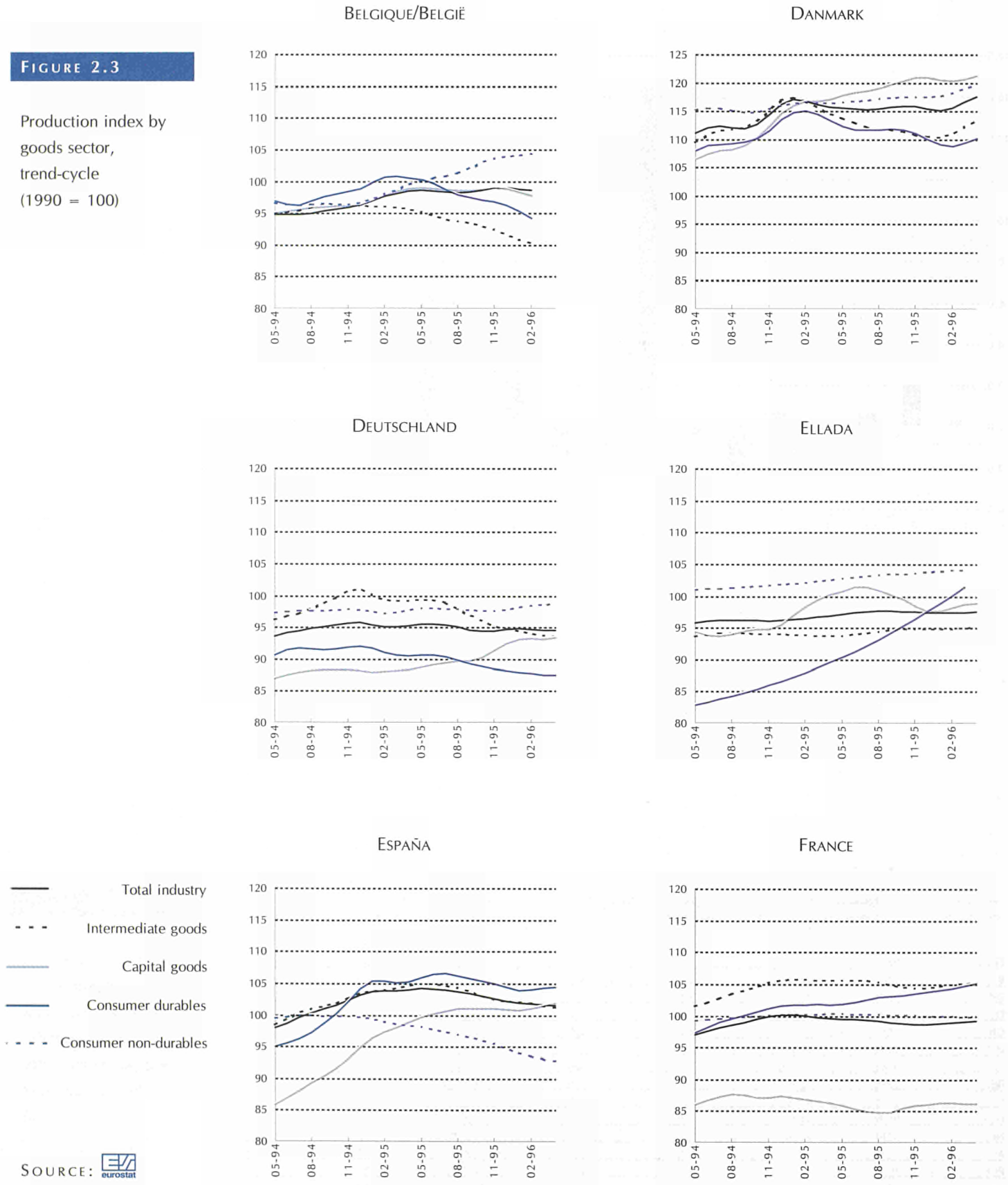
TABLE 2.2

Year on year growth rates for the production index, based on changes from the corresponding quarter of the previous year (%)

SOURCE: eurostat

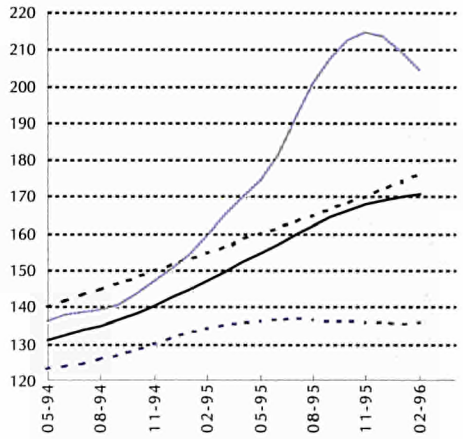
FIGURE 2.3

Production index by goods sector, trend-cycle (1990 = 100)



SOURCE: eurostat

IRELAND



ITALIA

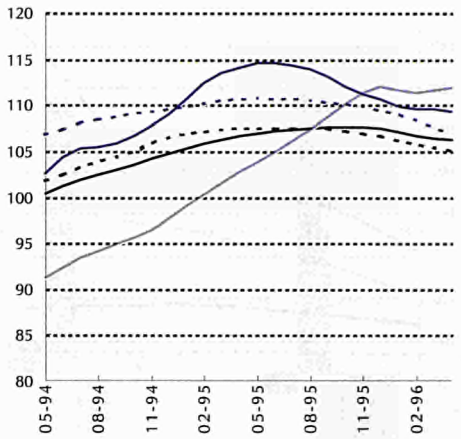
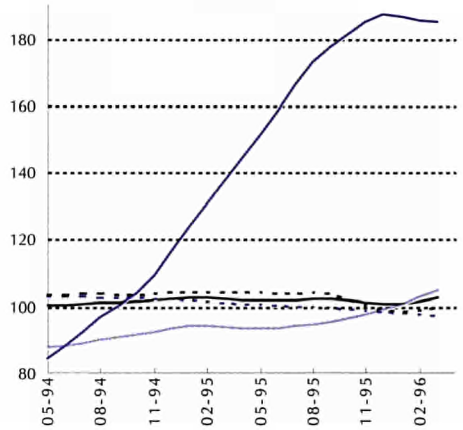


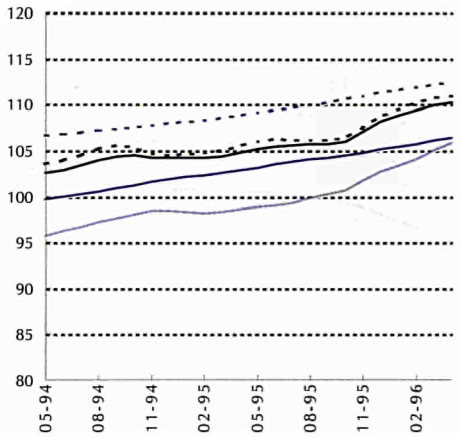
FIGURE 2.3

Production index by goods sector, trend-cycle (1990 = 100)

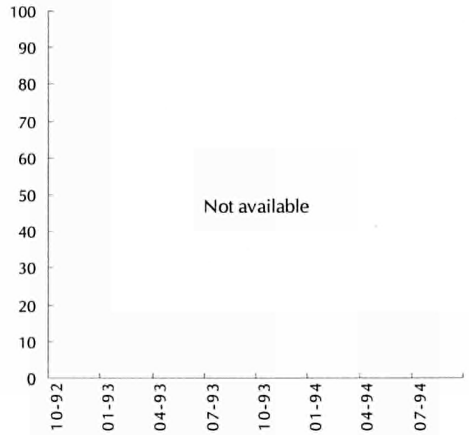
LUXEMBOURG



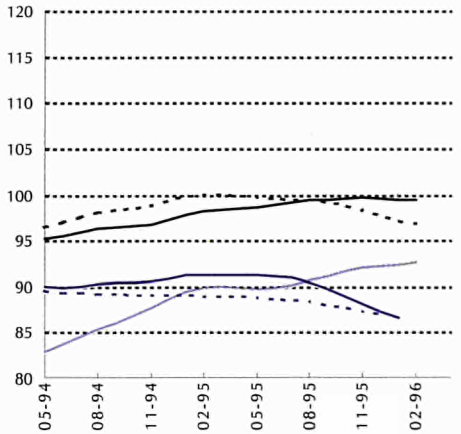
NEDERLAND



ÖSTERREICH



PORTUGAL



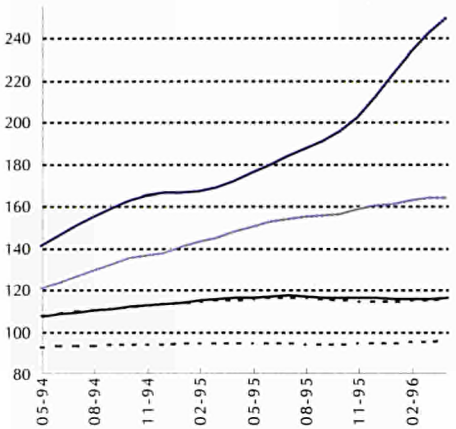
Total industry
Intermediate goods
Capital goods
Consumer durables
Consumer non-durables

SOURCE: eurostat

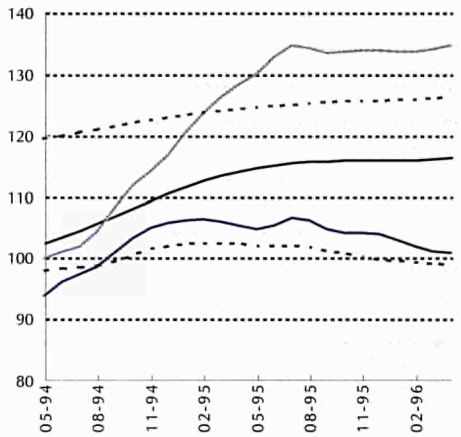
FIGURE 2.3

Production index by goods sector, trend-cycle (1990 = 100)

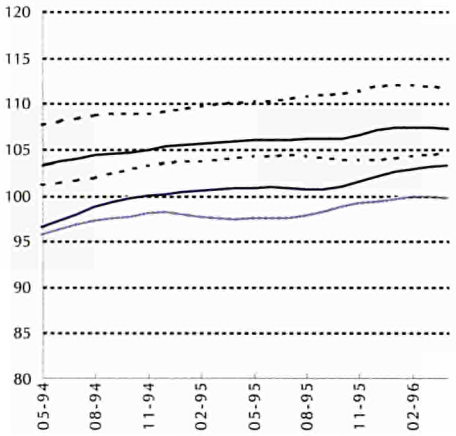
SUOMI/FINLAND



SVERIGE



UNITED KINGDOM



Total industry

Intermediate goods

Capital goods

Consumer durables

Consumer non-durables

SOURCE: eurostat

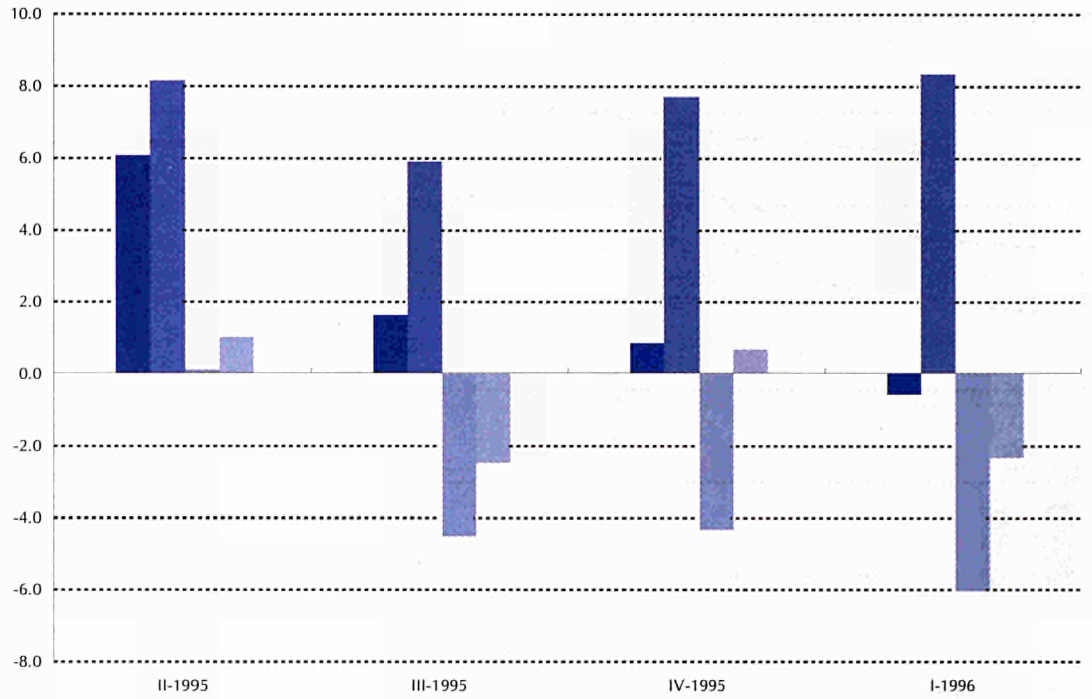


FIGURE 2.4

Japanese year on year growth rates for industrial production, based on changes from the corresponding quarter of the previous year (%)

- Intermediate goods
- Capital goods
- Consumer durables
- Consumer non-durables

SOURCE: eurostat

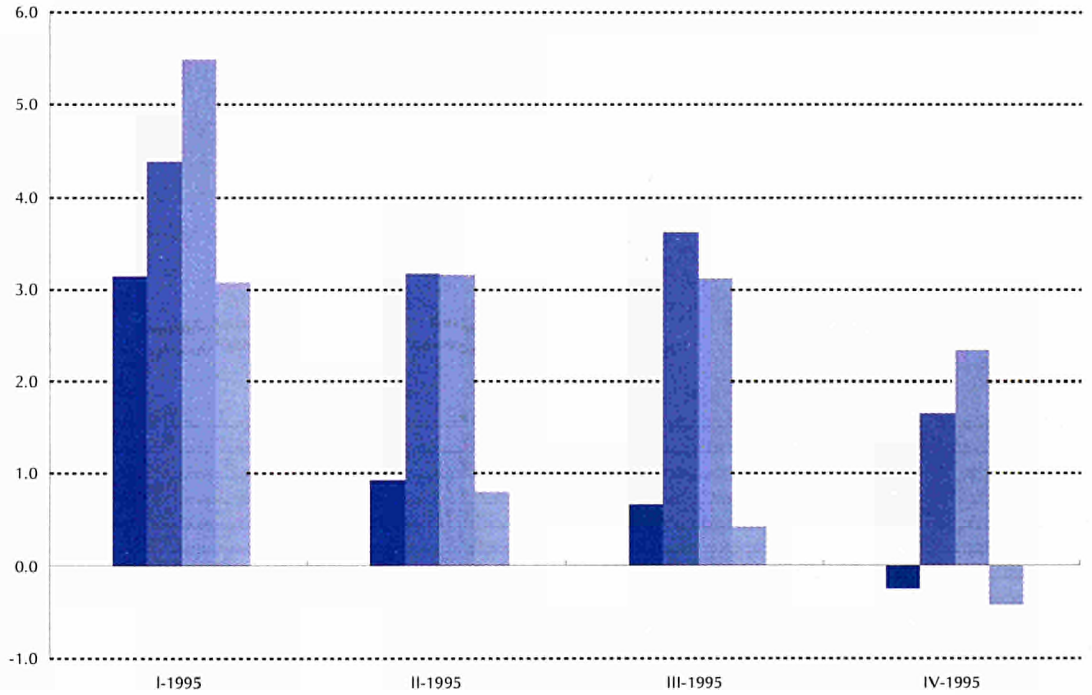


FIGURE 2.5

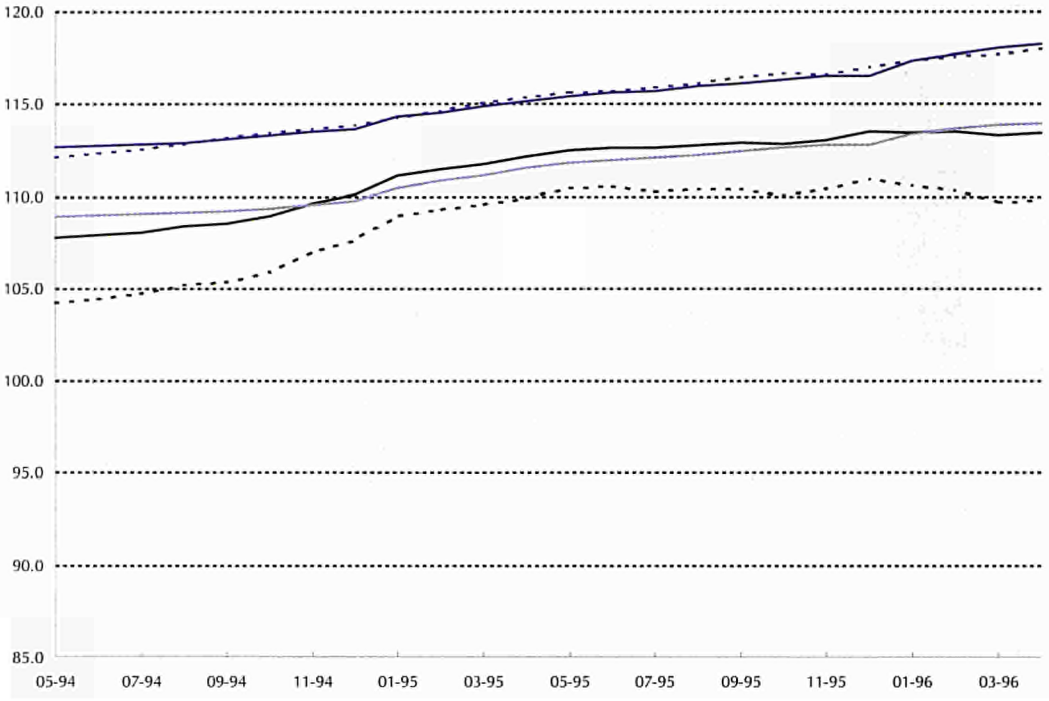
American year on year growth rates for industrial production, based on changes from the corresponding quarter of the previous year (%)

- Intermediate goods
- Capital goods
- Consumer durables
- Consumer non-durables

SOURCE: eurostat

FIGURE 2.6

EUR15 producer price index by goods sector, in national currencies (1990 = 100)



SOURCE: eurostat

TABLE 2.3

Three month on three month growth rates for the producer price index, in national currencies (%)

	Latest quarter available			Total industry	Intermediate goods	Capital goods	Consumer durables	Consumer non-durables
EUR15	02-96	⇨	04-96	0.1	-0.6	0.8	1.0	0.7
B	02-96	⇨	04-96	0.4	0.7	0.1	N/A	0.0
DK	02-96	⇨	04-96	0.3	0.4	0.2	0.7	0.2
D	03-96	⇨	05-96	-0.2	-0.6	0.4	0.5	-0.2
GR	02-96	⇨	04-96	2.2	1.9	2.9	2.5	2.5
E	02-96	⇨	04-96	0.8	0.1	1.2	1.5	1.5
F	03-96	⇨	05-96	0.4	0.5	0.3	0.2	0.2
IRL	12-94	⇨	02-95	1.0	0.5	N/A	N/A	0.3
I	02-96	⇨	04-96	0.4	-0.2	1.2	2.0	0.9
L	02-96	⇨	04-96	0.0	-3.4	0.2	0.6	0.4
NL	02-96	⇨	04-96	0.9	1.0	0.2	0.6	0.8
A		⇨		N/A	N/A	N/A	N/A	N/A
P		⇨		N/A	N/A	N/A	N/A	N/A
FIN	03-96	⇨	05-96	-0.5	-1.0	0.4	0.8	0.0
S	03-96	⇨	05-96	-0.1	-0.1	0.3	1.7	-0.5
UK	03-96	⇨	05-96	-1.4	-3.7	0.6	1.1	0.8

SOURCE: eurostat

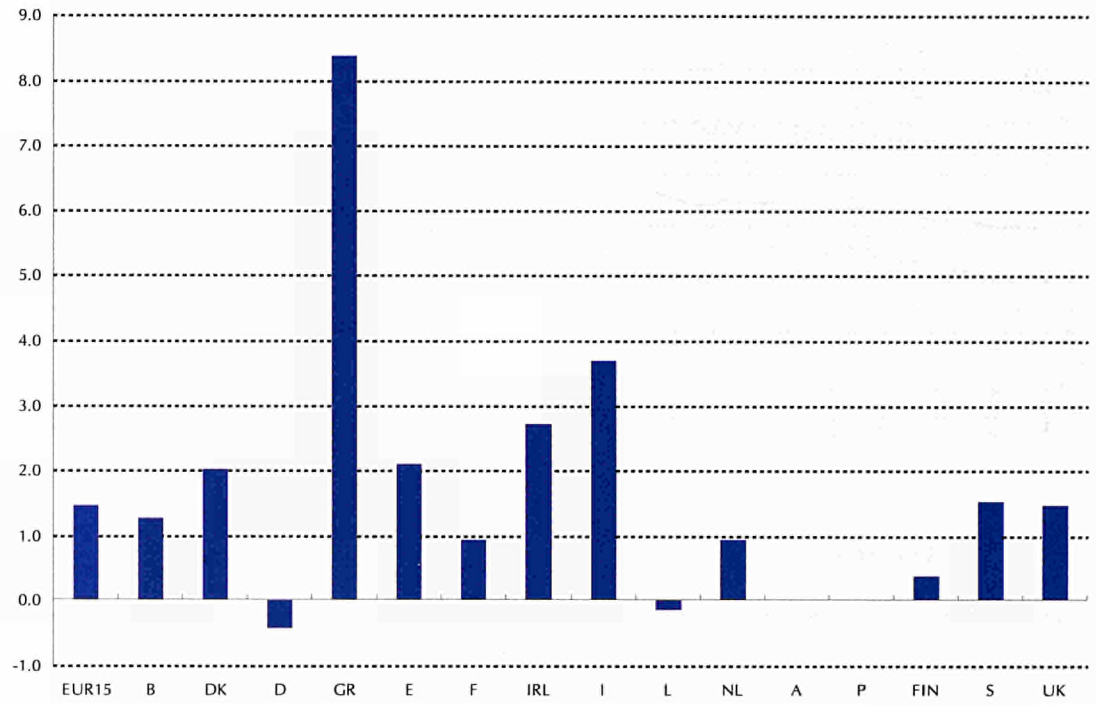


FIGURE 2.7

Year on year growth rates for the producer price index, based on changes from the corresponding quarter of the previous year, in national currencies (%)

SOURCE: eurostat

	Latest quarter available			Total industry	Intermediate goods	Capital goods	Consumer durables	Consumer non-durables
EUR15	02-96	⇨	04-96	1.5	0.3	2.4	2.7	2.4
B	02-96	⇨	04-96	1.3	1.6	0.6	N/A	1.0
DK	02-96	⇨	04-96	2.0	2.2	4.0	2.8	1.0
D	03-96	⇨	05-96	-0.4	-1.8	1.6	1.4	0.1
GR	02-96	⇨	04-96	8.4	7.9	8.7	5.6	9.1
E	02-96	⇨	04-96	2.1	0.0	2.5	4.1	4.3
F	03-96	⇨	05-96	0.9	0.2	1.1	0.9	0.6
IRL	12-94	⇨	02-95	2.7	0.9	N/A	N/A	2.6
I	02-96	⇨	04-96	3.7	3.3	4.4	5.4	4.0
L	02-96	⇨	04-96	-0.2	-3.4	1.3	1.0	0.4
NL	02-96	⇨	04-96	0.9	0.9	0.7	0.8	1.4
A		⇨		N/A	N/A	N/A	N/A	N/A
P		⇨		N/A	N/A	N/A	N/A	N/A
FIN	03-96	⇨	05-96	0.4	0.1	2.3	0.7	0.0
S	03-96	⇨	05-96	1.5	1.9	1.2	4.3	1.1
UK	03-96	⇨	05-96	1.5	-1.1	2.5	2.4	3.4

TABLE 2.4

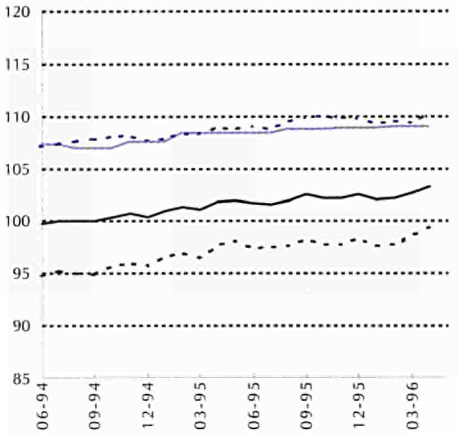
Year on year growth rates for the producer price index, based on changes from the corresponding quarter of the previous year, in national currencies (%)

SOURCE: eurostat

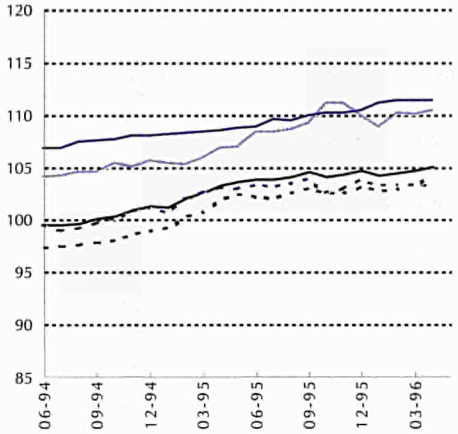
FIGURE 2.8

Producer price index by goods sector, in national currencies (1990 = 100)

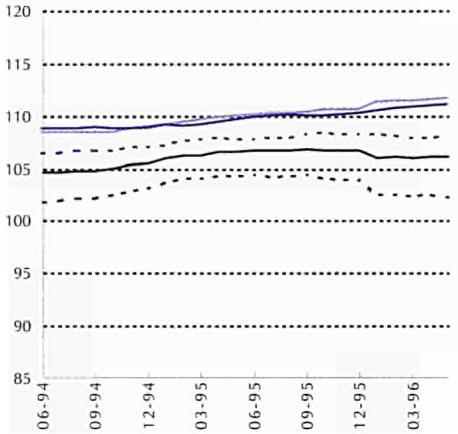
BELGIQUE/BELGIË



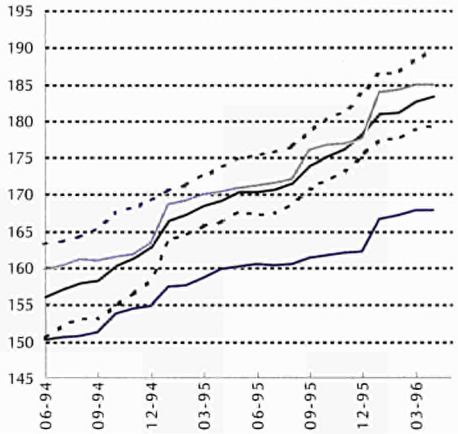
DANMARK



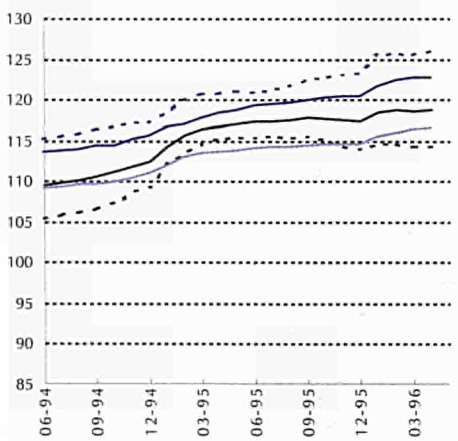
DEUTSCHLAND



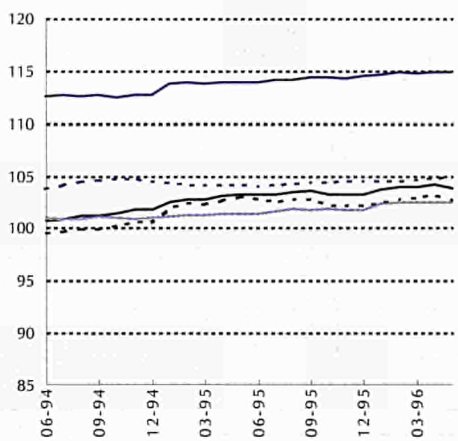
ELLADA



ESPAÑA



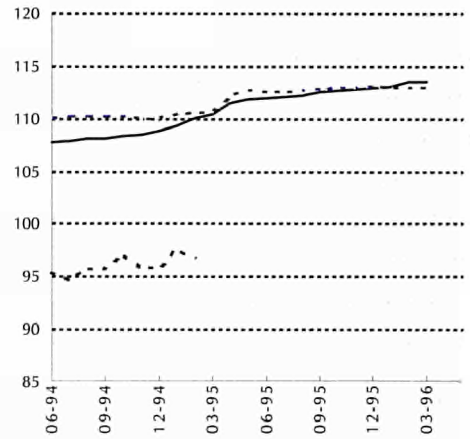
FRANCE



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

SOURCE: eurostat

IRELAND



ITALIA

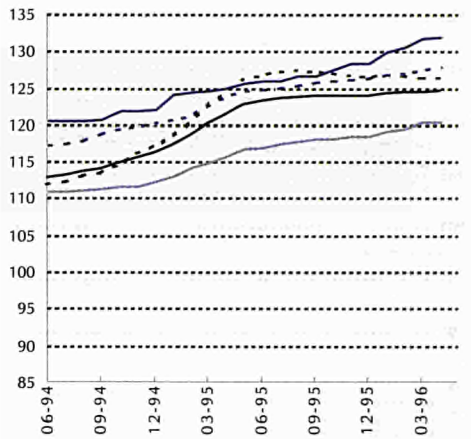
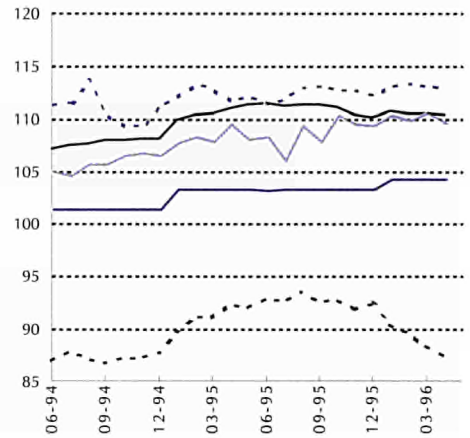


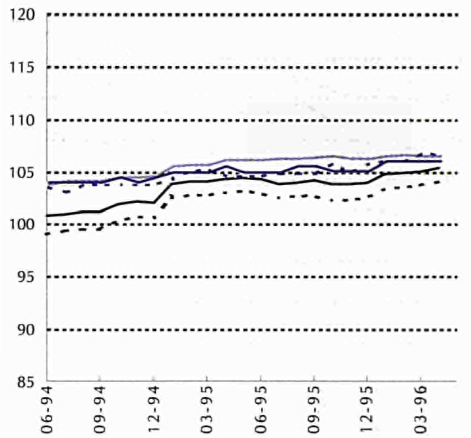
FIGURE 2.8

Producer price index by goods sector, in national currencies (1990 = 100)

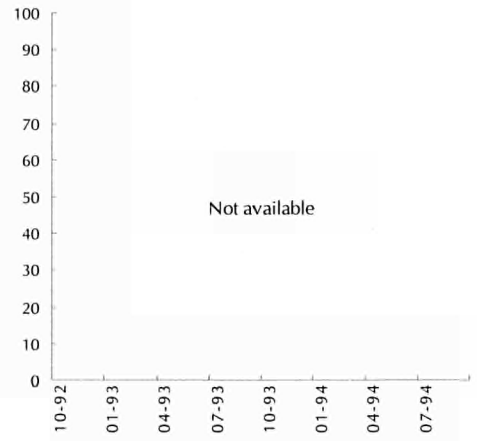
LUXEMBOURG



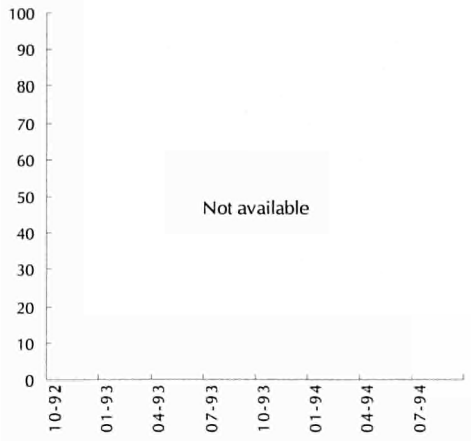
NEDERLAND

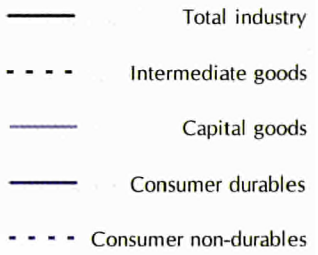


ÖSTERREICH



PORTUGAL



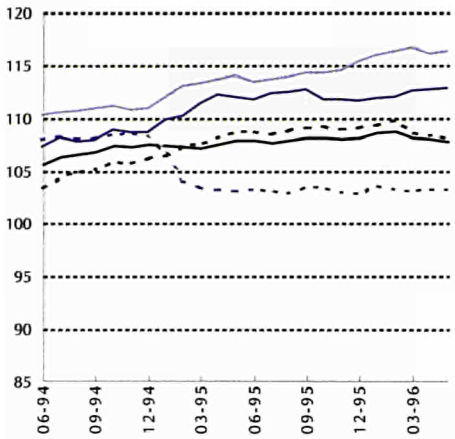


SOURCE: eurostat

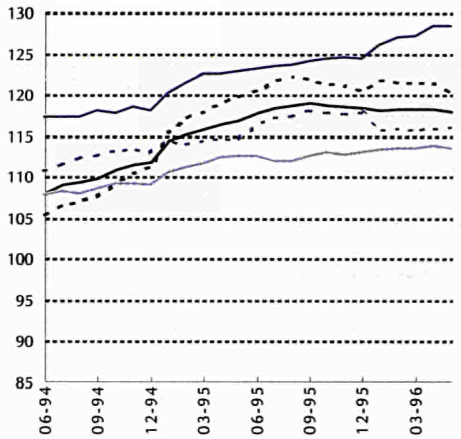
FIGURE 2.8

Producer price index by goods sector, in national currencies (1990 = 100)

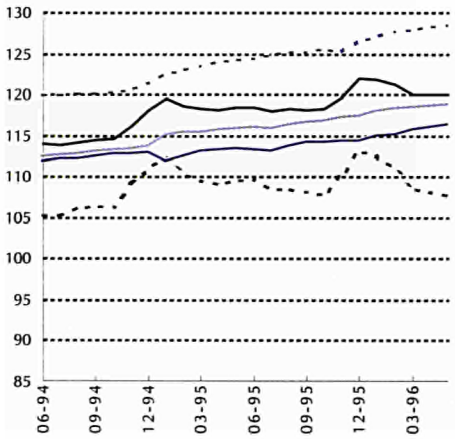
SUOMI/FINLAND



SVERIGE



UNITED KINGDOM



Total industry

Intermediate goods

Capital goods

Consumer durables

Consumer non-durables

SOURCE: eurostat

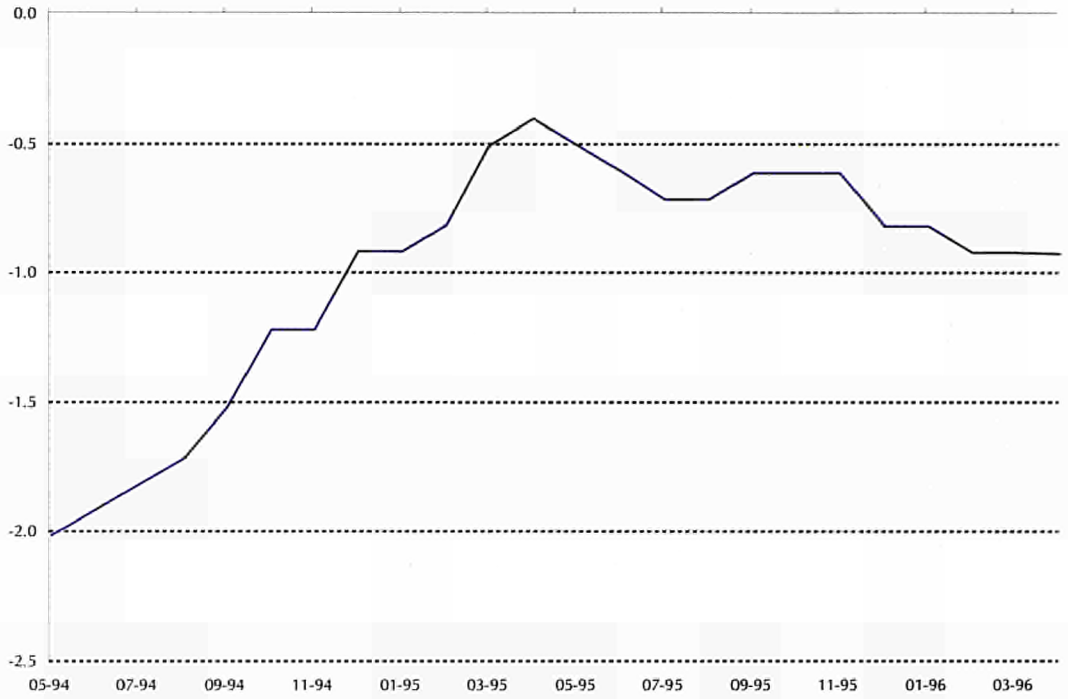


FIGURE 2.9

Japanese year on year growth rates for producer prices, based on changes from the corresponding quarter of the previous year, in national currency (%)

SOURCE: eurostat

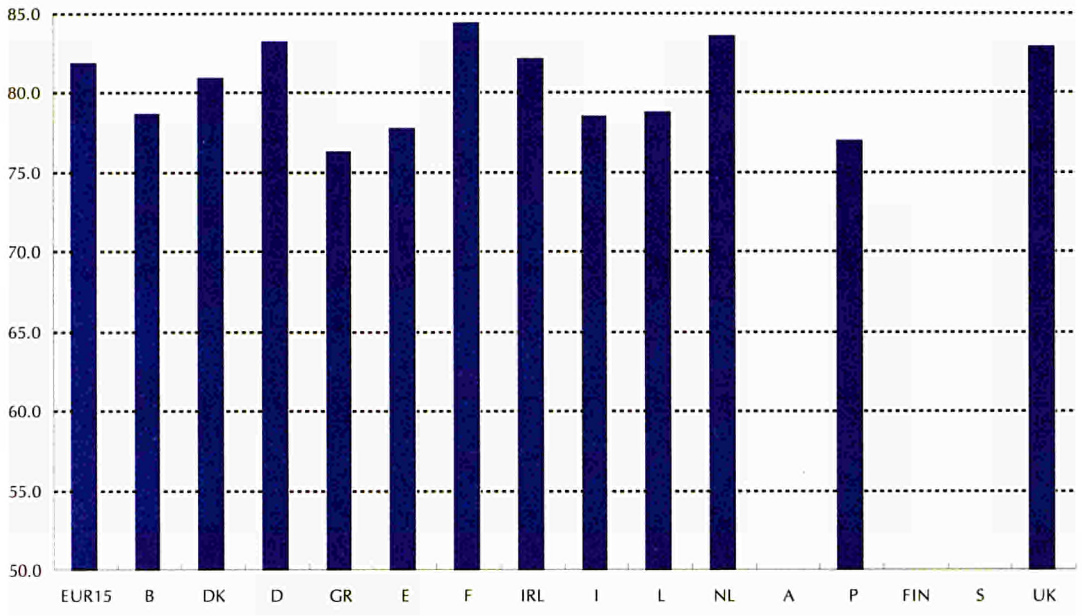
FIGURE 2.10

American year on year growth rates for producer prices, based on changes from the corresponding quarter of the previous year, in national currency (%)

SOURCE: eurostat

FIGURE 2.11

Total industry: capacity utilisation rates, first quarter 1996 (%)



SOURCE: DGII, BUSINESS SURVEY

TABLE 2.5

Total industry: capacity utilisation rates (%)

	Annual growth rate: latest quarter, t / t-4	Second quarter 1995	Third quarter 1995	Fourth quarter 1995	First quarter 1996
EUR15	-0.6	83.1	83.2	82.6	81.9
B	-1.3	81.3	81.2	80.2	78.7
DK	-2.4	82.0	83.0	82.0	81.0
D	-1.1	85.1	86.1	84.7	83.2
GR	0.8	75.2	76.5	78.3	76.3
E	-0.6	78.6	77.9	77.8	77.8
F	-1.4	85.7	85.5	85.8	84.4
IRL	6.3	80.9	79.2	82.2	82.1
I	1.2	78.2	78.6	77.6	78.5
L	-4.5	83.2	83.4	81.6	78.8
NL	0.7	84.4	85.1	84.2	83.6
A	N/A	N/A	N/A	N/A	N/A
P	-1.7	78.5	78.6	77.0	77.0
FIN	N/A	N/A	N/A	N/A	N/A
S	N/A	N/A	N/A	N/A	N/A
UK	-1.4	85.2	84.1	83.8	82.9

SOURCE: DGII, BUSINESS SURVEY

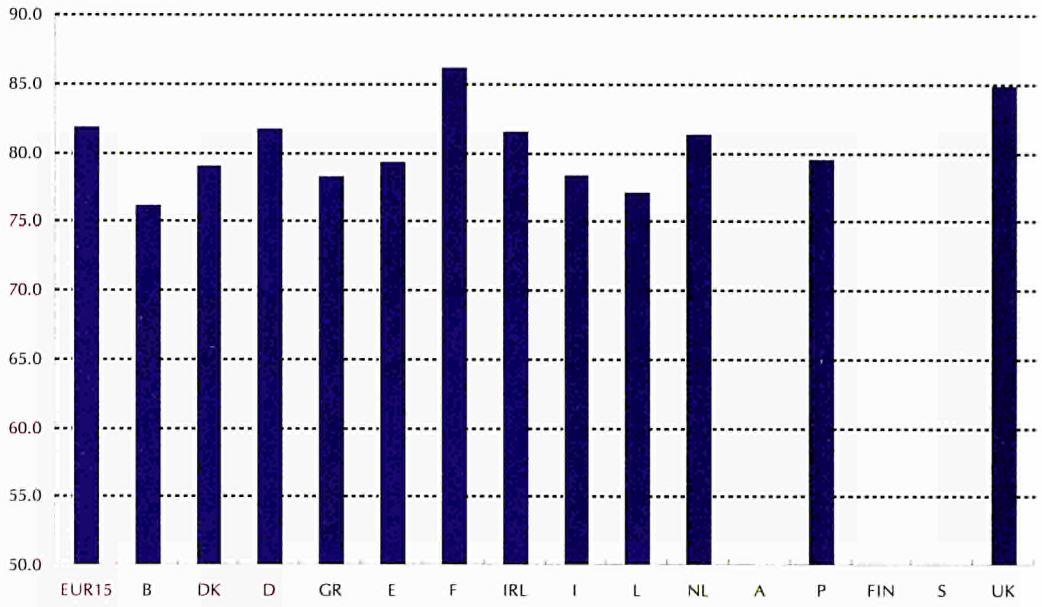


FIGURE 2.12

Intermediate goods: capacity utilisation rates, first quarter 1996 (%)

SOURCE: DGII, BUSINESS SURVEY

TABLE 2.6

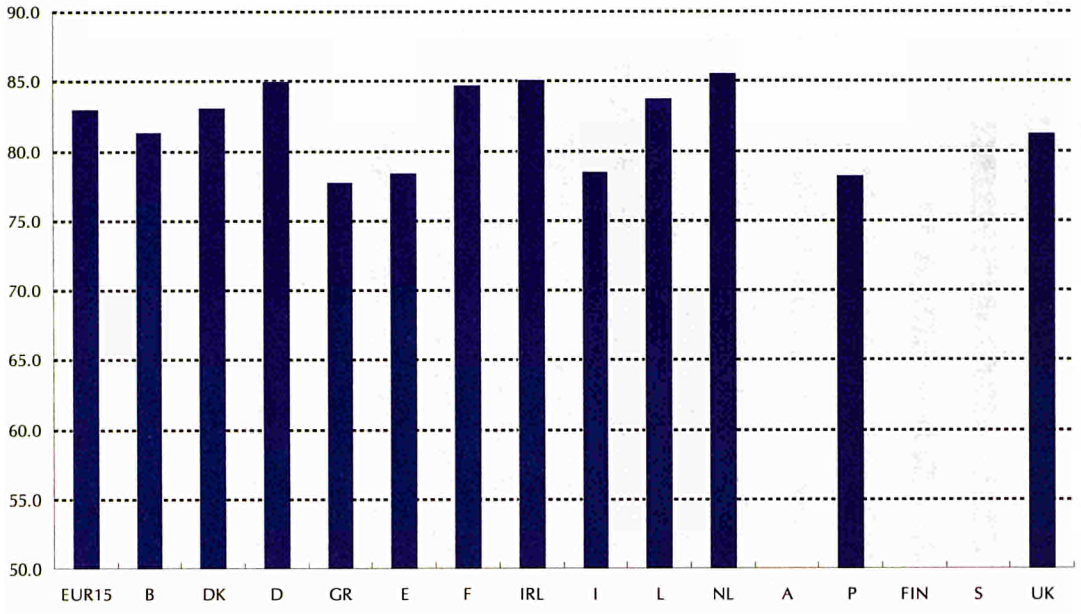
Intermediate goods: capacity utilisation rates (%)

	Annual growth rate: latest quarter, t / t-4	Second quarter 1995	Third quarter 1995	Fourth quarter 1995	First quarter 1996
EUR15	-2.4	84.7	84.5	83.3	81.8
B	-6.6	85.3	84.0	80.4	76.1
DK	-3.7	81.0	81.0	80.0	79.0
D	-4.3	86.6	87.3	84.4	81.7
GR	1.3	78.2	78.4	78.9	78.2
E	-1.0	81.6	79.4	78.7	79.3
F	-1.5	87.8	88.4	87.4	86.1
IRL	1.5	83.8	74.1	83.2	81.5
I	-1.1	79.6	79.3	78.4	78.3
L	-5.0	82.0	82.7	80.6	77.1
NL	-3.2	85.4	85.4	82.7	81.3
A	N/A	N/A	N/A	N/A	N/A
P	-3.3	81.7	80.4	79.5	79.5
FIN	N/A	N/A	N/A	N/A	N/A
S	N/A	N/A	N/A	N/A	N/A
UK	-0.7	85.7	85.1	86.0	84.8

SOURCE: DGII, BUSINESS SURVEY

FIGURE 2.13

Capital goods: capacity utilisation rates, first quarter 1996 (%)



SOURCE: DGII, BUSINESS SURVEY

TABLE 2.7

Capital goods: capacity utilisation rates (%)

	Annual growth rate: latest quarter, t / t-4	Second quarter 1995	Third quarter 1995	Fourth quarter 1995	First quarter 1996
EUR15	2.2	82.1	82.8	83.0	82.9
B	2.7	80.0	81.8	81.6	81.3
DK	-2.4	85.0	85.0	85.0	83.0
D	4.6	82.6	85.5	85.3	84.9
GR	3.3	79.0	80.4	85.3	77.7
E	2.6	77.9	76.2	80.5	78.3
F	-3.4	85.4	82.2	85.7	84.6
IRL	10.7	85.4	83.3	81.2	85.0
I	3.0	77.7	79.5	77.2	78.4
L	1.1	84.7	84.1	85.5	83.7
NL	4.3	82.1	84.2	85.8	85.5
A	N/A	N/A	N/A	N/A	N/A
P	5.5	75.1	77.7	78.1	78.1
FIN	N/A	N/A	N/A	N/A	N/A
S	N/A	N/A	N/A	N/A	N/A
UK	0.0	83.6	82.9	81.4	81.2

SOURCE: DGII, BUSINESS SURVEY

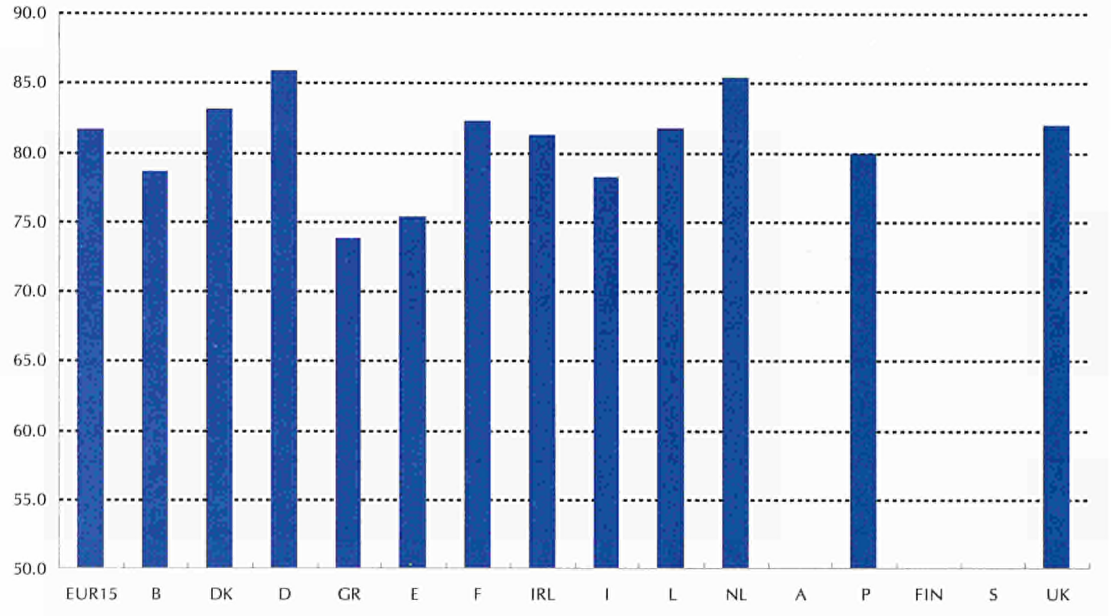


FIGURE 2.14

Consumer goods: capacity utilisation rates, first quarter 1996 (%)

SOURCE: DGII, BUSINESS SURVEY

TABLE 2.8

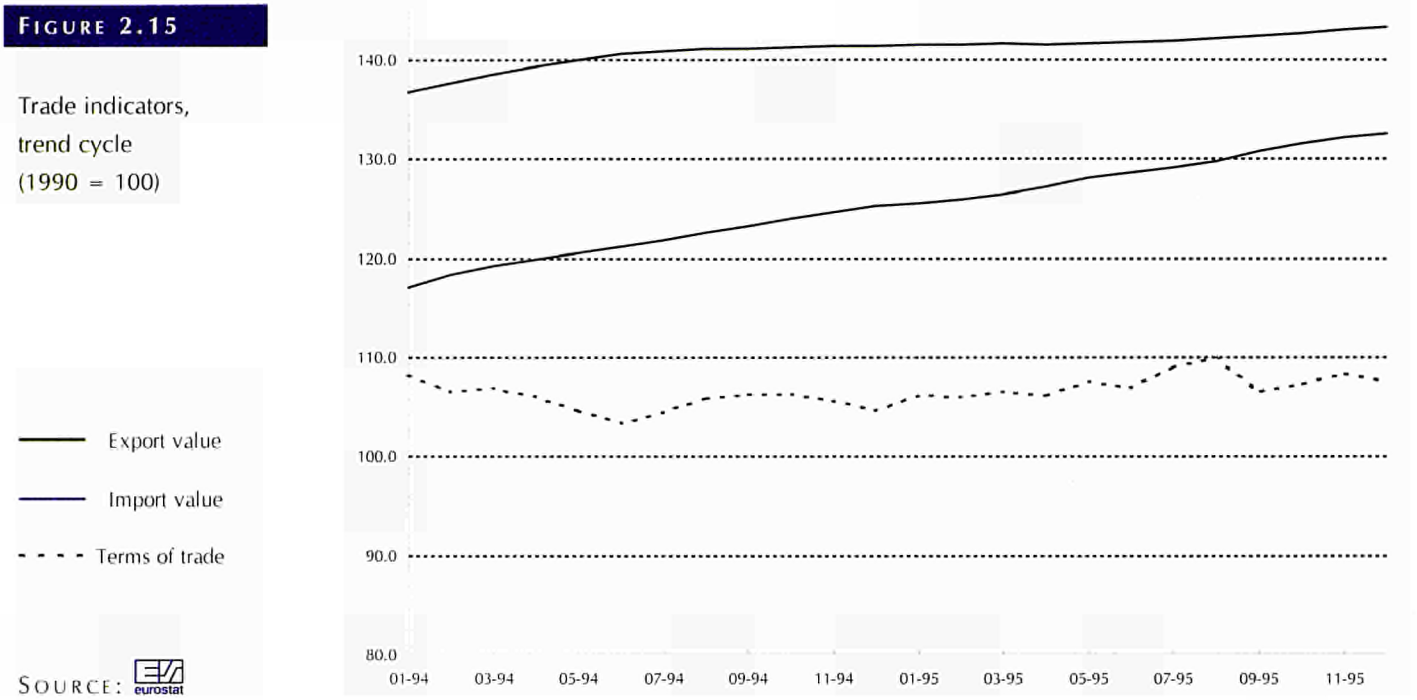
Consumer goods: capacity utilisation rates (%)

	Annual growth rate: latest quarter, t / t-4	Second quarter 1995	Third quarter 1995	Fourth quarter 1995	First quarter 1996
EUR15	0.2	81.7	81.6	81.3	81.6
B	0.5	78.0	77.6	79.0	78.5
DK	0.0	82.0	83.0	82.0	83.0
D	-0.1	86.4	84.9	85.4	85.8
GR	0.3	70.9	73.3	76.9	73.7
E	-2.7	75.8	77.0	75.6	75.3
F	-0.6	83.3	83.8	83.9	82.2
IRL	1.8	75.4	82.7	81.7	81.2
I	2.4	76.5	77.2	76.4	78.1
L	-6.2	86.8	85.7	82.8	81.7
NL	1.5	84.7	85.4	85.1	85.3
A	N/A	N/A	N/A	N/A	N/A
P	1.0	79.2	78.7	79.9	79.9
FIN	N/A	N/A	N/A	N/A	N/A
S	N/A	N/A	N/A	N/A	N/A
UK	-2.4	85.1	83.4	82.7	81.9

SOURCE: DGII, BUSINESS SURVEY

FIGURE 2.15

Trade indicators, trend cycle (1990 = 100)



SOURCE: eurostat

TABLE 2.9

Three month on three month growth rates for trade indicators, in ECU terms (%)

	Latest quarter available			Exports Value	Exports Volume	Imports Value	Imports Volume	Terms of trade
EUR15	10-95	⇨	12-95	1.1	1.0	2.9	2.2	-0.7
B / L	09-95	⇨	11-95	-0.1	-0.5	1.2	-0.5	-0.8
DK	10-95	⇨	12-95	-1.6	-2.3	0.6	2.7	2.8
D	10-95	⇨	12-95	1.4	0.3	0.2	0.8	-0.7
GR	09-95	⇨	11-95	0.5	-2.3	4.2	2.9	-0.6
E	10-95	⇨	12-95	2.5	2.6	2.7	3.0	1.4
F	10-95	⇨	12-95	3.6	0.0	0.5	-0.6	0.1
IRL	08-95	⇨	10-95	6.4	4.9	2.6	0.4	-1.5
I	10-95	⇨	12-95	0.8	-0.8	3.2	0.9	0.6
NL	06-95	⇨	08-95	-5.4	-8.6	-13.6	-5.9	2.5
A		⇨		N/A	N/A	N/A	N/A	N/A
P	10-95	⇨	12-95	6.1	1.6	1.7	0.9	1.1
FIN		⇨		N/A	N/A	N/A	N/A	N/A
S		⇨		N/A	N/A	N/A	N/A	N/A
UK	10-95	⇨	12-95	0.8	-2.1	-0.7	-1.7	0.9

SOURCE: eurostat

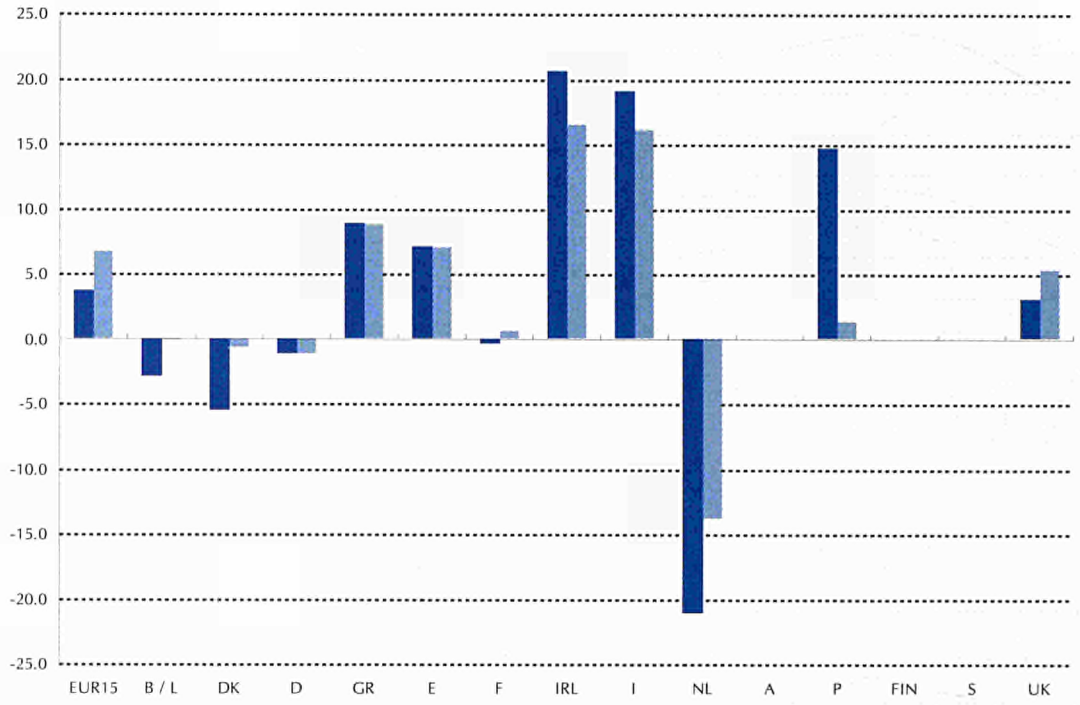


FIGURE 2.16

Year on year growth rates for trade indicators, based on changes from the corresponding quarter of the previous year, in ECU terms (%)

SOURCE: eurostat

	Latest quarter available			Exports Value	Exports Volume	Imports Value	Imports Volume	Terms of trade
EUR15	10-95	⇨	12-95	3.7	0.0	6.6	4.9	2.1
B / L	09-95	⇨	11-95	-3.0	-6.2	-0.1	-6.2	-2.9
DK	10-95	⇨	12-95	-5.6	-5.4	-0.7	-0.1	0.5
D	10-95	⇨	12-95	-1.2	-3.4	-1.2	-3.0	0.4
GR	09-95	⇨	11-95	8.8	-2.2	8.7	-2.8	-0.3
E	10-95	⇨	12-95	7.0	1.7	7.0	1.8	0.1
F	10-95	⇨	12-95	-0.4	-3.9	0.5	-3.3	-0.3
IRL	08-95	⇨	10-95	20.6	15.1	16.3	8.4	-2.4
I	10-95	⇨	12-95	19.0	5.9	16.0	4.4	1.1
NL	10-95	⇨	12-95	-21.3	-25.8	-13.9	-15.0	4.6
A		⇨		N/A	N/A	N/A	N/A	N/A
P	10-95	⇨	12-95	14.6	11.2	1.2	-3.3	-1.8
FIN		⇨		N/A	N/A	N/A	N/A	N/A
S		⇨		N/A	N/A	N/A	N/A	N/A
UK	10-95	⇨	12-95	2.9	-8.5	5.2	-6.5	0.0

TABLE 2.10

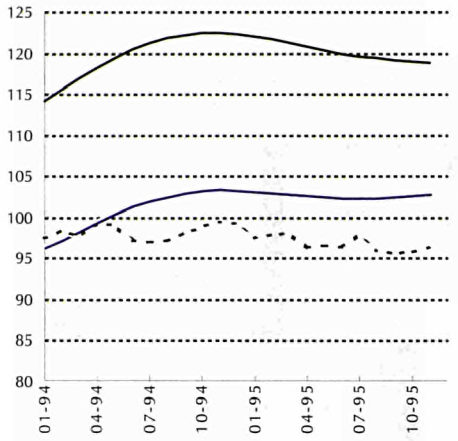
Year on year growth rates for trade indicators, based on changes from the corresponding quarter of the previous year, in ECU terms (%)

SOURCE: eurostat

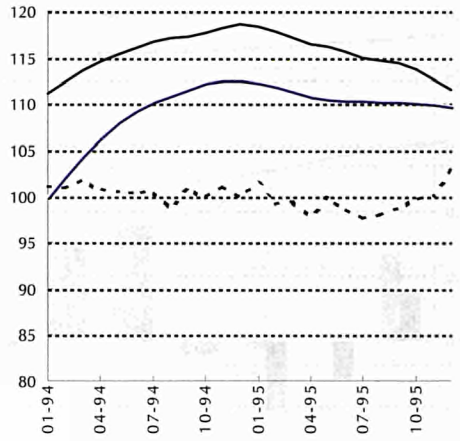
FIGURE 2.17

Trade indicators by goods sector, trend-cycle (1990 = 100)

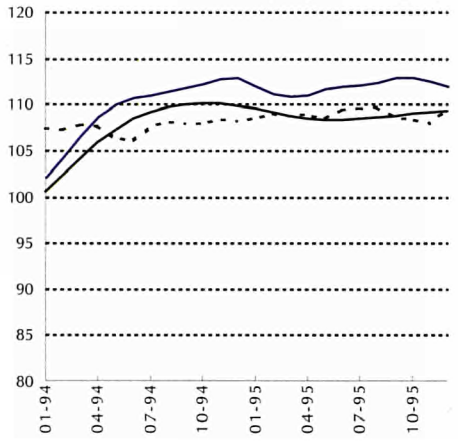
BELGIQUE/BELGIË, LUXEMBOURG



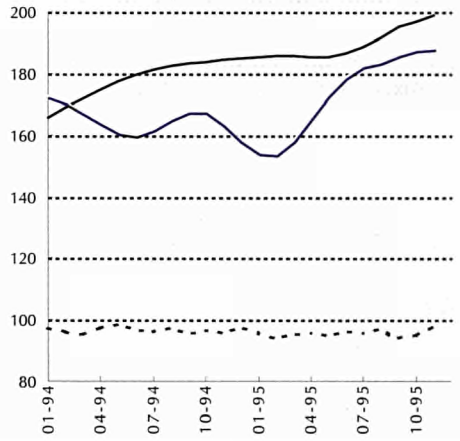
DANMARK



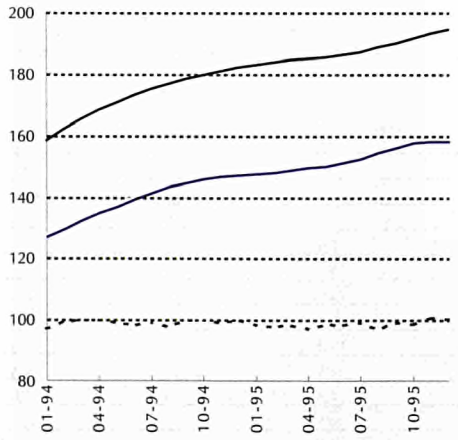
DEUTSCHLAND



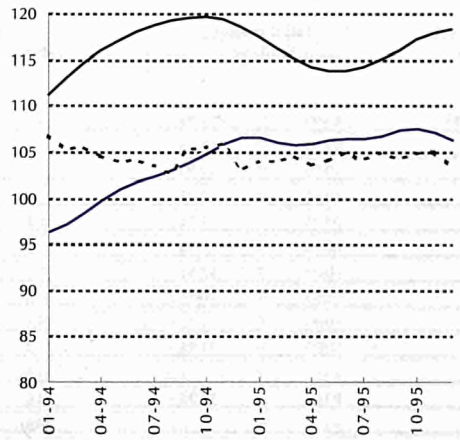
ELLADA



ESPAÑA



FRANCE



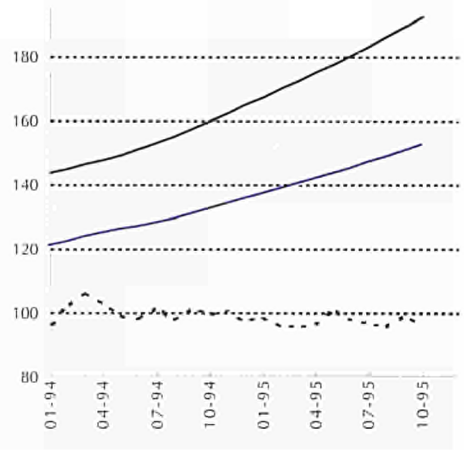
Export value

Import value

Terms of trade

SOURCE: eurostat

IRELAND



ITALIA

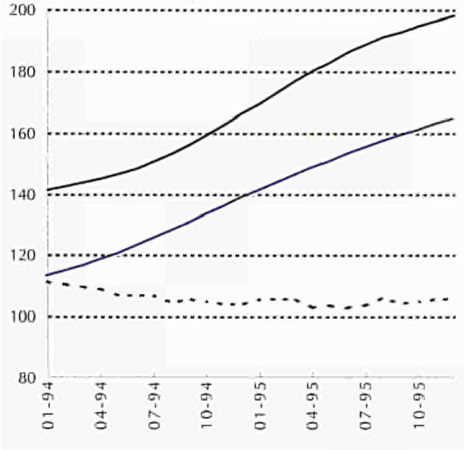
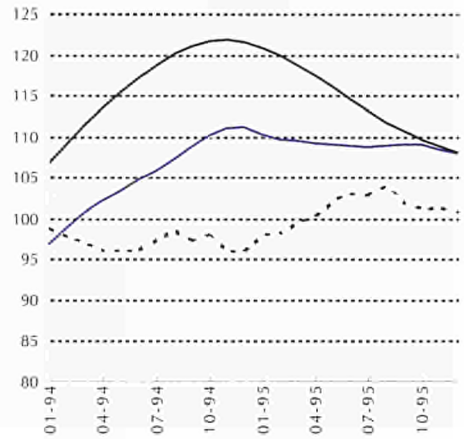


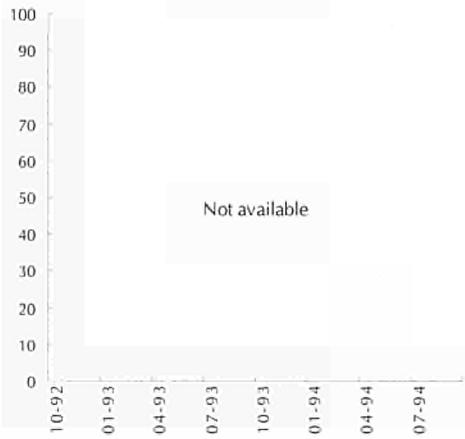
FIGURE 2.17

Trade indicators by goods sector, trend-cycle (1990 = 100)

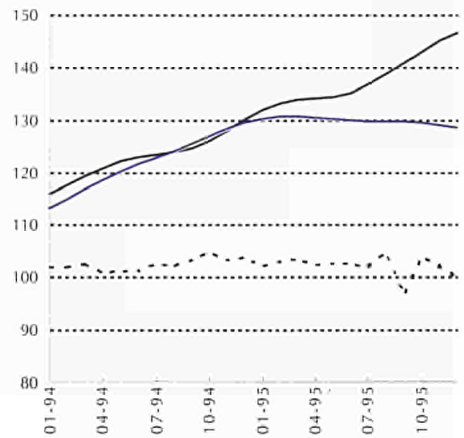
NEDERLAND



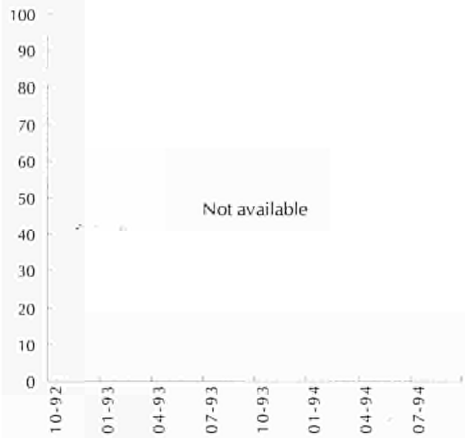
ÖSTERREICH



PORTUGAL



SUOMI/FINLAND



Export value

Import value

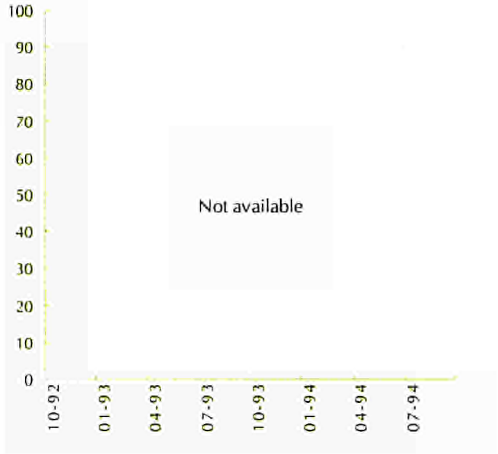
Terms of trade

SOURCE: eurostat

FIGURE 2.17

Trade indicators by goods sector, trend-cycle (1990 = 100)

SVERIGE



Not available

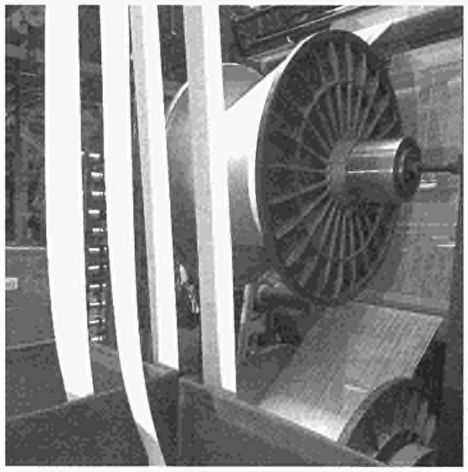
UNITED KINGDOM

Export value

Import value

Terms of trade

SOURCE: eurostat



The industry is divided into two sub-sectors: the manufacture and processing of pulp, paper and paperboard (54.6% of EUR 15 output in 1995) and printing and publishing (45.4%). Paper and board, manufactured chiefly from waste paper and/or cellulose, comprise all types of paper materials used for printing, writing and drawing, for household, hygienic and photographic purposes, as office supplies, for making packaging and cardboard display cases and also as a currency substrate in the form of notes and cheques. Some of the European Union's leading paper manufacturers are KNP BT (Netherlands), Arjo Wiggins Appleton (United Kingdom) and SCA-PW (Sweden). Of this six world leaders in 1993, two were European, two Japanese and six from the USA. The EU front runners in the printing and publishing branch are Bertelsmann (Germany), Hachette (France) and Reed Elsevier (Netherlands). Despite the forecasts of the death of paper as a medium, it still accounts for some 60% of total consumption by the communications media. However, because electronic media bring cost savings in terms of information dissemination and waste management, they are likely to continue to expand.

EUR 15 output up by 11.4% between 1994 and 1995

The paper sector is keenly aware of the need for environmental protection and recycling. 43.3% of the paper consumed in EUR 15 in 1994 was recycled. There are differences between countries, however. More recycled paper in general is used in northern Europe than in the south: over 60% in Sweden, the Netherlands and Germany compared with less than 30% in Greece and Italy. Waste paper is collected and recovered by various associations as well as via containers placed in both urban and rural areas. Yet the growing importance of recycled paper also means higher costs. The percentage of paper bleached without the use of chlorine, already high in German-speaking and Scandinavian countries, is constantly increasing; paper manufacturers also take an active part in both reforestation and afforestation.

The latest figures indicate that capacity utilisation in the paper sub-sector was 83.0% for EUR 12 in January 1996: 84.6% in Germany, 80.8% in Spain and 86.5% in France. In the printing and publishing sub-sector the figures were 78.8% for EUR 12, 80.0% in Denmark, 74.3% in Italy and 87.8% in the Netherlands.

The production index for EUR 15 dropped by 2.3% between April 1995 and April 1996: by 2.1% in the United Kingdom, 1.8% in France, 5.5% in Italy and 0.8% in Germany. Over the same period the price index was up by 0.7% for EUR 15, 2.0% in Italy and 4.9% in the United Kingdom, while in France it fell by 4.9% and by 0.6% in Germany.

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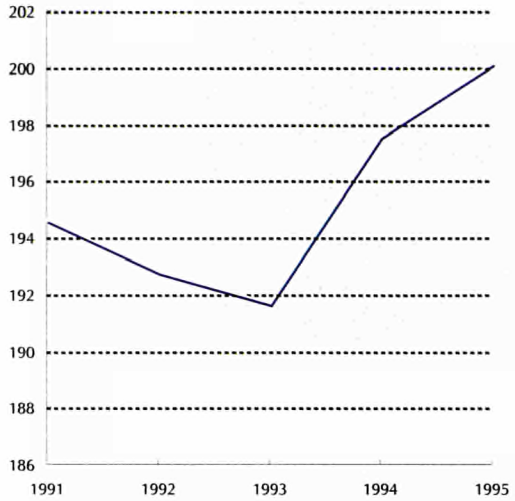
SHORT-TERM INDICATORS 40

FIGURE 3.1.1

EUR15 production in constant prices (billion ECU)

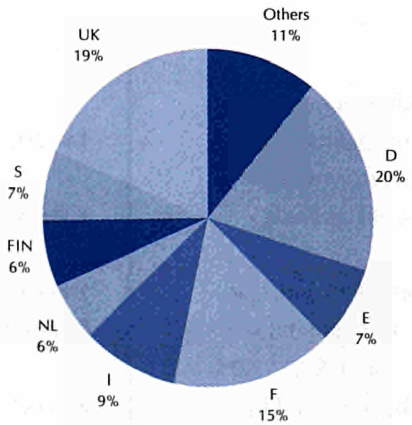


SOURCE: DEBA GEIE

In 1995 the paper, printing and publishing sector accounted for 6.9% of total EUR 15 industrial output. The equivalent figures were 7.5% for Japan, 11.7% for Canada and 12.0% for Norway. Amongst the Member States, Sweden recorded 14.4% and Finland 25.5%. EUR 15 production in 1995 was valued at ECU 223.7 billion - an increase of 11.4% over 1994 in current prices and 1.3% in constant prices. Trends in current prices ranged from +2.8% in the United Kingdom via +11.7% in Germany to +24.2% in Finland; in real terms, production was up by 4.0% in Italy but down by 2.1% in France. The annual average growth rate for EUR 15 between 1990 and 1995 was 3.1%, as against 0.9% in real terms. In 1995 the new Member States accounted for 18.9% of total EU production, divided up as follows:

FIGURE 3.1.2

Share of value-added at factor cost, 1995



SOURCE: DEBA GEIE

Sweden 8.7%, Finland 6.8% and Austria 3.4%. Sweden was the fifth largest producer in the EU, behind Germany (18.6%), France (17.1%) and the United Kingdom (15.9%), together accounting for more than half of total EU production, and Italy (9.7%).

Value added at factor cost amounted to ECU 81.9 billion in 1995 - an increase of 10.0% over 1994 for EUR 15, 17.6% for Denmark, 23.1% for Finland and 16.4% for Austria. Germany contributed 19.5% of total EU added value, the United Kingdom 18.6% and France 15.5%. The annual average increase in value added for EUR 15 between 1990 and 1995 was 2.4%.

US production in 1994 amounted to ECU 260.7 billion (ECU 200.8 billion for EUR 15) - an increase of 3.3% in a year and 2.0% as the annual average between 1989 and 1994. At ECU 192.6 billion, Japanese production in 1995 was 7.8% up on its 1994 level.

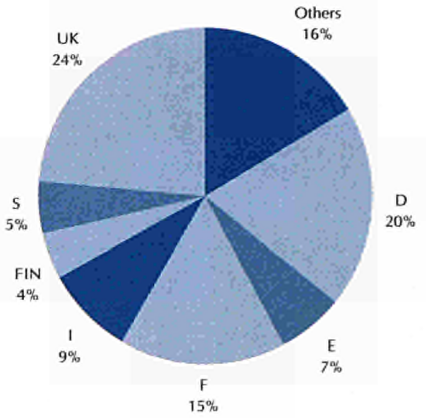
Total EU consumption in 1994 was up by 4.7%, at ECU 173.9 billion. Denmark saw an 8.8% increase and Germany 0.3%. The annual average consumption trend between 1989 and 1994 was +1.4% for EUR 12, +3.3% for Germany and -0.2% for the United Kingdom.

In 1995 the paper, printing and publishing sector employed 1.5 million workers in EUR 15 (7.1% of the industrial workforce, compared with 6.4% in 1985) - a drop of 0.5% over a year and 2.0% as an annual average since 1989. The United Kingdom employed 23.3% of the total workforce in the EU and Germany 19.4%. Almost two million workers were employed in the USA and 845 000 in Japan.

The wage cost index for EUR 12, which has been falling for the past three years, remained largely the same in France, the United Kingdom and the Netherlands but was above the EU average in Germany and below it in Italy.

FIGURE 3.1.3

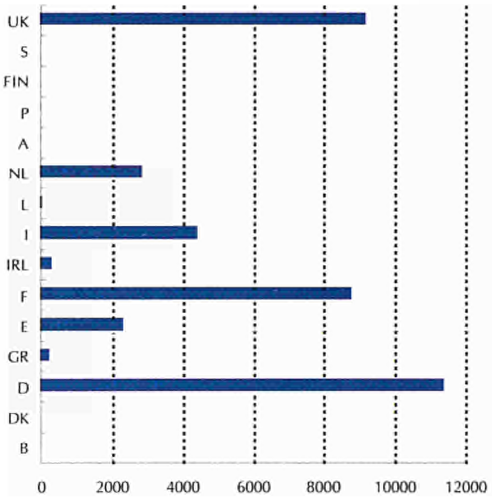
Share of number of employees, 1995



SOURCE: DEBA GEIE

FIGURE 3.1.4

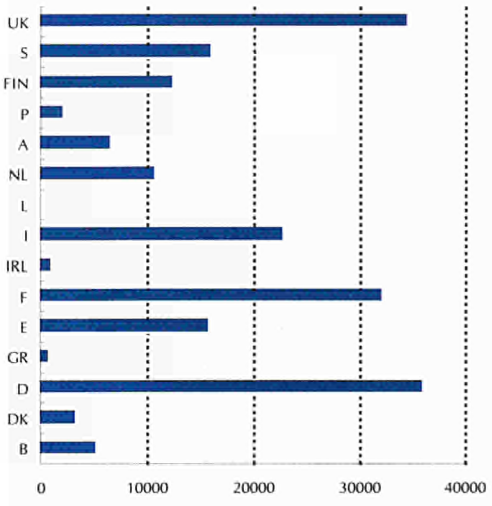
Labour costs, 1994 (million ECU)



SOURCE: DEBA GEIE

FIGURE 3.1.5

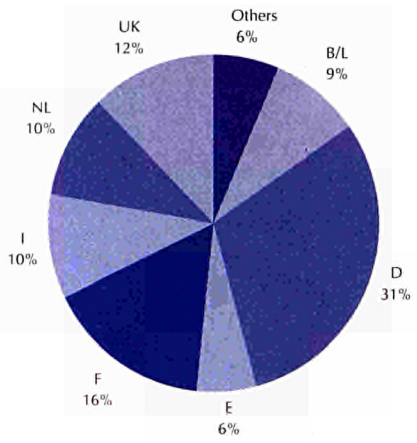
Production in constant prices, 1995 (million ECU)



SOURCE: DEBA GEIE

FIGURE 3.1.6

Share of world exports (for EUR12), 1995



SOURCE: eurostat

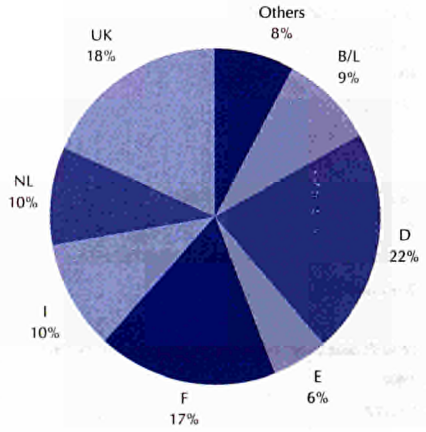
In the same year extra-EU exports were valued at ECU 12.3 billion for EUR 12 - an annual increase of 12.1%. National trends were disparate, however, with a drop of 10.7% in Portugal compared with a rise of 28.1% in the Netherlands. In 1994 Germany accounted for 38.8% of extra-EU exports (EUR 12), the United Kingdom for 17.5% and France for 14.2%. The (exports/imports) coverage rate in Europe has been on the decline since 1989, but is still large, as indicated by its 1994 value of 169.6%. Every Member State had a positive trade balance in that year; the surplus for EUR 12 was ECU 8.6 billion. The extra-EU export/production ratio was 7.4% in 1994 for EUR 12, as against 5.7% in 1990.

Extra-EU imports (EUR 12) amounted to ECU 20.9 billion in 1994, having risen by only 0.4% per annum on average since 1994. 28.6% of extra-EU imports in 1994 went to Germany, 22.8% to the United Kingdom and 12.1% to France. The extra-EU import/consumption ratio was 12.0% in 1994. US imports soared by 51.1% in a year, reaching a value of ECU 12.1 billion, while Japanese imports amounted to ECU 3.6 billion as against ECU 2.3 billion the year before.

US exports amounted to ECU 12.3 billion in 1994 - an increase of 20.0% over 1993. The US trade surplus fell from ECU 2.2 billion to ECU 0.2 billion over the same period, and the coverage rate from 127.9% to 101.6%. Japan's exports were valued at ECU 2.2 billion in 1994 - an increase of 5.4% since the previous year. Its coverage rate, which has a structural tendency to be less than 100%, fell from 92.0% in 1993 to 64.1% in 1994.

FIGURE 3.1.7

Share of world imports (for EUR12), 1995



SOURCE: eurostat

TABLE 3.1.1

Value-added at factor cost (million ECU)

	1991	t / t-1 (%)	1992	t / t-1 (%)	1993	t / t-1 (%)	1994	t / t-1 (%)	1995	t / t-1 (%)
EUR15	73536.7	1.3	73707.7	0.2	71463.8	-3.0	74424.1	4.1	81857.1	10.0
B	2076.4	8.7	2185.3	5.2	2118.4	-3.1	2194.1	3.6	2339.0	6.6
share (%)	2.8		3.0		3.0		2.9		2.9	
DK	1359.6	1.1	1374.6	1.1	1368.2	-0.5	1487.2	8.7	1748.9	17.6
share (%)	1.8		1.9		1.9		2.0		2.1	
D	14666.5	9.1	14913.5	1.7	14579.4	-2.2	14474.9	-0.7	15980.2	10.4
share (%)	19.9		20.2		20.4		19.4		19.5	
GR	267.9	-0.1	283.8	5.9	289.2	1.9	296.0	2.4	324.8	9.7
share (%)	0.4		0.4		0.4		0.4		0.4	
E	5519.8	7.7	5542.5	0.4	4946.4	-10.8	5140.7	3.9	5923.3	15.2
share (%)	7.5		7.5		6.9		6.9		7.2	
F	11037.2	2.1	10973.7	-0.6	10951.6	-0.2	11580.7	5.7	12648.2	9.2
share (%)	15.0		14.9		15.3		15.6		15.5	
IRL	450.6	7.0	495.8	10.0	482.1	-2.8	505.7	4.9	522.2	3.3
share (%)	0.6		0.7		0.7		0.7		0.6	
I	8151.7	6.2	8158.8	0.1	7038.4	-13.7	7161.3	1.7	7700.4	7.5
share (%)	11.1		11.1		9.8		9.6		9.4	
L	59.4	11.0	69.5	17.0	72.0	3.6	76.1	5.7	85.0	11.7
share (%)	0.1		0.1		0.1		0.1		0.1	
NL	4032.2	6.6	4199.4	4.1	4097.2	-2.4	4261.3	4.0	4712.5	10.6
share (%)	5.5		5.7		5.7		5.7		5.8	
A	2044.8	4.3	2102.7	2.8	2120.1	0.8	2366.0	11.6	2753.4	16.4
share (%)	2.8		2.9		3.0		3.2		3.4	
P	845.2	4.0	932.0	10.3	863.8	-7.3	907.7	5.1	1051.3	15.8
share (%)	1.1		1.3		1.2		1.2		1.3	
FIN	3747.2	-16.5	3503.7	-6.5	3809.0	8.7	4181.6	9.8	5147.1	23.1
share (%)	5.1		4.8		5.3		5.6		6.3	
S	4580.4	-24.1	4428.4	-3.3	4503.5	1.7	4915.2	9.1	5689.7	15.8
share (%)	6.2		6.0		6.3		6.6		7.0	
UK	14697.7	1.6	14544.0	-1.0	14224.5	-2.2	14875.7	4.6	15231.1	2.4
share (%)	20.0		19.7		19.9		20.0		18.6	

SOURCE: DEBA GEIE

TABLE 3.1.2

Production in current prices (million ECU)

	1991	t / t-1 (%)	1992	t / t-1 (%)	1993	t / t-1 (%)	1994	t / t-1 (%)	1995	t / t-1 (%)
EUR15	198242.6	3.4	196287.3	-1.0	191429.2	-2.5	200798.4	4.9	223670.8	11.4
B	5570.4	0.0	5790.9	4.0	5554.9	-4.1	5746.1	3.4	6165.1	7.3
share (%)	2.8		3.0		2.9		2.9		2.8	
DK	3002.3	1.7	2930.2	-2.4	2918.1	-0.4	3176.4	8.9	3735.1	17.6
share (%)	1.5		1.5		1.5		1.6		1.7	
D	38836.9	8.3	38733.8	-0.3	37327.2	-3.6	37271.1	-0.2	41640.9	11.7
share (%)	19.6		19.7		19.5		18.6		18.6	
GR	846.4	-1.8	893.5	5.6	907.8	1.6	933.1	2.8	1039.8	11.4
share (%)	0.4		0.5		0.5		0.5		0.5	
E	14270.8	9.1	14131.5	-1.0	12806.6	-9.4	13700.1	7.0	16087.8	17.4
share (%)	7.2		7.2		6.7		6.8		7.2	
F	32401.5	0.5	32656.1	0.8	32631.3	-0.1	34632.8	6.1	38209.1	10.3
share (%)	16.3		16.6		17.0		17.2		17.1	
IRL	1012.7	9.8	1113.1	9.9	1087.7	-2.3	1151.0	5.8	1212.7	5.4
share (%)	0.5		0.6		0.6		0.6		0.5	
I	22470.2	0.3	22545.1	0.3	19518.7	-13.4	19973.0	2.3	21680.2	8.5
share (%)	11.3		11.5		10.2		9.9		9.7	
L	139.0	35.3	166.9	20.1	172.9	3.6	182.8	5.7	204.2	11.7
share (%)	0.1		0.1		0.1		0.1		0.1	
NL	10458.8	2.5	10730.7	2.6	10922.0	1.8	11351.3	3.9	12701.0	11.9
share (%)	5.3		5.5		5.7		5.7		5.7	
A	5725.2	4.1	5887.3	2.8	5936.0	0.8	6624.5	11.6	7709.2	16.4
share (%)	2.9		3.0		3.1		3.3		3.4	
P	2415.8	4.7	2662.5	10.2	2503.5	-6.0	2649.4	5.8	3075.1	16.1
share (%)	1.2		1.4		1.3		1.3		1.4	
FIN	11623.4	-9.7	10172.0	-12.5	11164.1	9.8	12310.2	10.3	15289.4	24.2
share (%)	5.9		5.2		5.8		6.1		6.8	
S	15237.1	15.9	14590.1	-4.2	14954.9	2.5	16503.1	10.4	19365.3	17.3
share (%)	7.7		7.4		7.8		8.2		8.7	
UK	34232.0	1.6	33283.6	-2.8	33023.5	-0.8	34593.5	4.8	35555.7	2.8
share (%)	17.3		17.0		17.3		17.2		15.9	

SOURCE: DEBA GEIE

TABLE 3.1.3

Number of employees (units)

	1991	t / t-1 (%)	1992	t / t-1 (%)	1993	t / t-1 (%)	1994	t / t-1 (%)	1995	t / t-1 (%)
EUR15	1695162.0	0.0	1638068.9	-3.4	1566890.8	-4.3	1532113.7	-2.2	1524110.5	-0.5
B	41454.0	-7.1	40549.0	-2.2	39256.0	-3.2	39063.0	-0.5	41442.0	6.1
share (%)	2.4		2.5		2.5		2.5		2.7	
DK	28787.0	-1.2	27216.0	-5.5	26548.0	-2.5	N/A	N/A	N/A	N/A
share (%)	1.7		1.7		1.7		N/A		N/A	
D	345594.0	4.5	340797.0	-1.4	317723.0	-6.8	302583.0	-4.8	296048.0	-2.2
share (%)	20.4		20.8		20.3		19.7		19.4	
GR	15008.0	-6.3	14966.0	-0.3	15179.0	1.4	15675.0	3.3	15560.0	-0.7
share (%)	0.9		0.9		1.0		1.0		1.0	
E	129425.0	-1.0	125943.0	-2.7	112740.0	-10.5	106099.0	-5.9	104379.0	-1.6
share (%)	7.6		7.7		7.2		6.9		6.8	
F	253599.0	0.3	244923.0	-3.4	236907.0	-3.3	236761.0	-0.1	234160.0	-1.1
share (%)	15.0		15.0		15.1		15.5		15.4	
IRL	12151.0	1.8	12295.0	1.2	12262.0	-0.3	12162.0	-0.8	12153.0	-0.1
share (%)	0.7		0.8		0.8		0.8		0.8	
I	146441.0	1.1	142044.0	-3.0	137732.0	-3.0	131275.0	-4.7	130345.0	-0.7
share (%)	8.6		8.7		8.8		8.6		8.6	
L	1416.0	5.4	1412.0	-0.3	1434.0	1.6	1447.0	0.9	1482.0	2.4
share (%)	0.1		0.1		0.1		0.1		0.1	
NL	88077.0	3.4	88477.0	0.5	83310.0	-5.8	79280.0	-4.8	N/A	N/A
share (%)	5.2		5.4				5.2		N/A	
A	44000.0	-1.3	43333.9	-1.5	[illegible]	-4.4	39763.4	-4.0	39470.6	-0.7
share (%)	2.6		2.6		2.6		2.6		2.6	
P	37057.0	-6.2	37255.0	0.5	34723.0	-6.8	34029.0	-2.0	32451.0	-4.6
share (%)	2.2		2.3		2.2		2.2		2.1	
FIN	78000.0	-5.1	72900.0	-6.5	70704.1	-3.0	68363.8	-3.3	68003.6	-0.5
share (%)	4.6		4.5		4.5		4.5		4.5	
S	103500.0	10.9	95000.0	-8.2	88844.3	-6.5	84640.5	-4.7	83767.3	-1.0
share (%)	6.1		5.8		5.7		5.5		5.5	
UK	370653.0	-4.6	350958.0	-5.3	348098.0	-0.8	354850.0	1.9	358142.0	0.9
share (%)	21.9		21.4		22.2		23.2		23.5	

SOURCE: DEBA GEIE

TABLE 3.1.4

Labour costs (million ECU)

	1990	t / t-1 (%)	1991	t / t-1 (%)	1992	t / t-1 (%)	1993	t / t-1 (%)	1994	t / t-1 (%)
EUR12	39744.3	7.3	42576.0	7.1	43435.7	2.0	42645.7	-1.8	42968.8	0.8
B	1317.5	16.2	1357.6	3.0	1496.4	10.2	1576.7	5.4	N/A	N/A
share (%)	3.3		3.2		3.4		3.7		N/A	
DK	960.7	4.2	978.6	1.9	980.1	0.2	1005.2	2.6	N/A	N/A
share (%)	2.4		2.3		2.3		2.4		N/A	
D	9571.2	12.0	10691.6	11.7	11345.8	6.1	11521.8	1.6	11425.2	-0.8
share (%)	24.1		25.1		26.1		27.0		26.6	
GR	206.8	8.2	214.2	3.6	231.5	8.1	248.8	7.5	272.8	9.6
share (%)	0.5		0.5		0.5		0.6		0.6	
E	2681.0	14.0	2961.1	10.4	3035.9	2.5	2558.6	-15.7	2347.8	-8.2
share (%)	6.7		7.0		7.0		6.0		5.5	
F	8019.8	6.5	8347.7	4.1	8420.4	0.9	8553.8	1.6	8789.4	2.8
share (%)	20.2		19.6		19.4		20.1		20.5	
IRL	296.8	5.0	318.6	7.3	340.2	6.8	349.9	2.9	351.7	0.5
share (%)	0.7		0.7		0.8		0.8		0.8	
I	4905.6	6.6	5338.8	8.8	5364.9	0.5	4667.5	-13.0	4455.0	-4.6
share (%)	12.3		12.5		12.4		10.9		10.4	
L	36.3	19.4	43.3	19.3	45.2	4.4	49.8	10.2	55.3	11.0
share (%)	0.1		0.1		0.1		0.1		0.1	
NL	2391.3	5.1	2597.4	8.6	2776.7	6.9	2873.3	3.5	2875.7	0.1
share (%)	6.0		6.1		6.4		6.7		6.7	
A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
share (%)	N/A		N/A		N/A		N/A		N/A	
P	402.7	25.0	457.0	13.5	536.6	17.4	488.6	-8.9	N/A	N/A
share (%)	1.0		1.1		1.2		1.1		N/A	
FIN	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	
S	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	
UK	8954.6	1.2	9270.1	3.5	8862.0	-4.4	8751.7	-1.2	9207.1	5.2
share (%)	22.5		21.8		20.4		20.5		21.4	

SOURCE: DEBA GEIE

TABLE 3.1.5

Extra-EUR12 exports (million ECU)

	1991	t / t-1 (%)	1992	t / t-1 (%)	1993	t / t-1 (%)	1994	t / t-1 (%)	1995	t / t-1 (%)
EUR12	9659.8	4.9	10184.8	5.4	10971.2	7.7	12298.8	12.1	14776.5	20.1
B / L	293.7	-4.5	318.0	8.3	334.5	5.2	386.2	15.5	**473.0**	**22.5**
share (%)	3.0		3.1		3.0		3.1		**3.2**	
DK	324.0	6.6	322.4	-0.5	333.4	3.4	364.9	9.4	373.7	2.4
share (%)	3.4		3.2		3.0		3.0		2.5	
D	3766.6	7.7	3947.6	4.8	4202.5	6.5	4770.5	13.5	5812.9	21.9
share (%)	39.0		38.8		38.3		38.8		39.3	
GR	42.4	18.1	42.8	0.9	49.8	16.4	51.8	4.0	534.5	931.9
share (%)	0.4		0.4		0.5		0.4		3.6	
E	631.9	14.4	736.0	16.5	763.7	3.8	824.5	8.0	927.3	12.5
share (%)	6.5		7.2		7.0		6.7		6.3	
F	1448.4	-0.1	1530.5	5.7	1602.2	4.7	1748.7	9.1	2032.7	16.2
share (%)	15.0		15.0		14.6		14.2		13.8	
IRL	18.9	-3.1	19.4	2.6	21.3	9.8	37.5	76.1	74.6	98.9
share (%)	0.2		0.2		0.2		0.3		0.5	
I	832.4	7.1	856.1	2.8	905.6	5.8	1033.2	14.1	1315.4	27.3
share (%)	8.6		8.4		8.3		8.4		8.9	
NL	570.3	3.4	631.6	10.7	647.9	2.6	830.1	28.1	879.1	5.9
share (%)	5.9		6.2		5.9		6.7		5.9	
A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
share (%)	N/A		N/A		N/A		N/A		N/A	
P	149.8	16.5	140.9	-5.9	116.4	-17.4	104.0	-10.7	146.0	40.4
share (%)	1.6		1.4		1.1		0.8		1.0	
FIN	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	
S	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	
UK	1581.4	-0.3	1639.5	3.7	1994.0	21.6	2147.4	7.7	2207.4	2.8
share (%)	16.4		16.1		18.2		17.5		14.9	

SOURCE: eurostat

TABLE 3.1.6

Extra-EUR12 imports (million ECU)

	1991	t / t-1 (%)	1992	t / t-1 (%)	1993	t / t-1 (%)	1994	t / t-1 (%)	1995	t / t-1 (%)
EUR12	20094.3	-0.5	19323.8	-3.8	17716.6	-8.3	20855.6	17.7	24467.6	17.3
B / L	921.3	-2.5	815.3	-11.5	796.3	-2.3	1111.4	39.6	**1537.8**	**38.4**
share (%)	4.6		4.2		4.5		5.3		**6.3**	
DK	824.4	-0.5	784.9	-4.8	759.9	-3.2	826.2	8.7	929.8	12.5
share (%)	4.1		4.1		4.3		4.0		3.8	
D	6122.5	2.3	5836.2	-4.7	5208.3	-10.8	5962.3	14.5	6623.1	11.1
share (%)	30.5		30.2		29.4		28.6		27.1	
GR	291.2	6.9	229.9	-21.1	210.8	-8.3	245.9	16.7	356.5	45.0
share (%)	1.4		1.2		1.2		1.2		1.5	
E	920.7	11.2	905.2	-1.7	819.8	-9.4	930.5	13.5	1105.8	18.8
share (%)	4.6		4.7		4.6		4.5		4.5	
F	2664.3	-4.4	2591.5	-2.7	2252.6	-13.1	2531.1	12.4	2970.9	17.4
share (%)	13.3		13.4		12.7		12.1		12.1	
IRL	230.1	11.2	213.8	-7.1	158.4	-25.9	168.3	6.3	179.4	6.6
share (%)	1.1		1.1		0.9		0.8		0.7	
I	2055.5	-4.7	2037.3	-0.9	1803.8	-11.5	2198.8	21.9	2941.3	33.8
share (%)	10.2		10.5		10.2		10.5		12.0	
NL	1461.9	2.0	1491.0	2.0	1457.3	-2.3	1972.3	35.3	2197.0	11.4
share (%)	7.3		7.7		8.2		9.5		9.0	
A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
share (%)	N/A		N/A		N/A		N/A		N/A	
P	151.7	20.8	148.2	-2.3	162.4	9.6	159.0	-2.1	203.6	28.1
share (%)	0.8		0.8		0.9		0.8		0.8	
FIN	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	
S	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	
UK	4450.6	-3.9	4270.5	-4.0	4087.2	-4.3	4749.7	16.2	5422.5	14.2
share (%)	22.1		22.1		23.1		22.8		22.2	

SOURCE: eurostat

FIGURE 3.2.1

EUR15 production and producer price indexes (1990 = 100)

SOURCE: eurostat

TABLE 3.2.1

Three month on three month and year on year growth rates for production and producer prices (%)

	Latest quarter available			Production index t / t-1	Production index t / t-4	Latest quarter available			Producer price index t / t-1	Producer price index t / t-4
EUR15	02-96	⇨	04-96	-0.5	-2.0	02-96	⇨	04-96	-1.6	2.8
B		⇨		N/A	N/A	02-96	⇨	04-96	-1.0	3.2
DK	02-96	⇨	04-96	1.3	1.8	02-96	⇨	04-96	-2.6	1.2
D	02-96	⇨	04-96	0.0	-0.1	03-96	⇨	05-96	-1.8	-0.3
GR	01-96	⇨	03-96	1.9	5.8	02-96	⇨	04-96	2.2	12.8
E	02-96	⇨	04-96	-2.6	-6.6	02-96	⇨	04-96	-3.0	-0.5
F	02-96	⇨	04-96	0.4	-2.3	03-96	⇨	05-96	-5.4	-4.7
IRL	12-95	⇨	02-96	-7.7	1.6	01-96	⇨	03-96	0.0	3.4
I	02-96	⇨	04-96	-1.2	-4.3	02-96	⇨	04-96	-1.5	4.8
L	01-96	⇨	03-96	-0.2	2.8	01-96	⇨	03-96	3.7	3.8
NL	01-96	⇨	03-96	0.9	2.6	02-96	⇨	04-96	-0.6	2.3
A		⇨		N/A	N/A		⇨		N/A	N/A
P	10-95	⇨	12-95	1.8	1.0		⇨		N/A	N/A
FIN	07-94	⇨	09-94	2.0	8.6	03-96	⇨	05-96	-7.4	-1.1
S	02-96	⇨	04-96	-0.9	-8.6	03-96	⇨	05-96	-2.8	1.9
UK	02-96	⇨	04-96	-1.1	-2.0	03-96	⇨	05-96	-0.1	4.8

SOURCE: eurostat

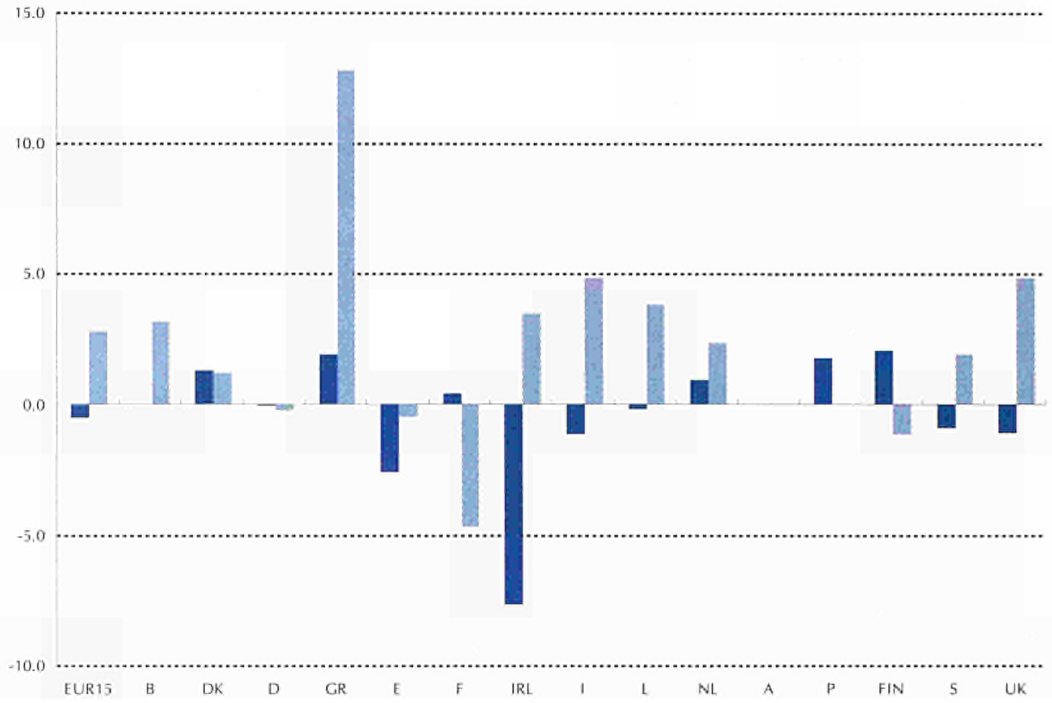


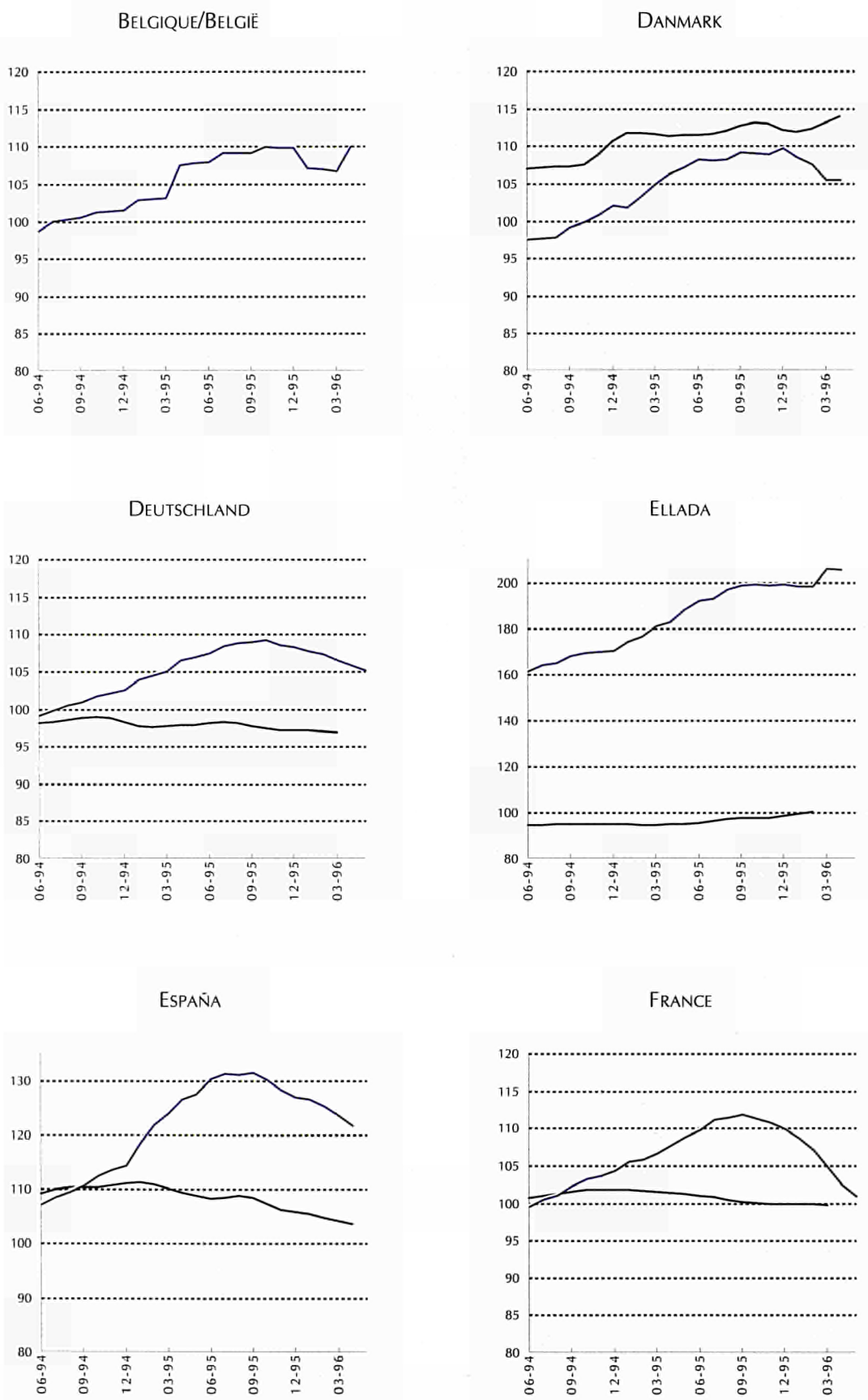
FIGURE 3.2.2

Year on year growth rates for production and producer price indexes, based on changes from the corresponding quarter of the previous year (%)

SOURCE: eurostat

FIGURE 3.2.3

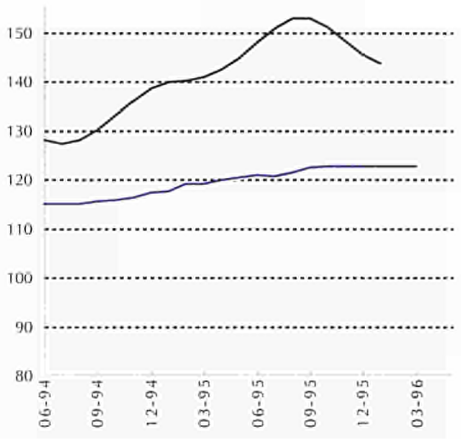
Production and producer price indexes (1990 = 100)



SOURCE: eurostat

eurostat

IRELAND

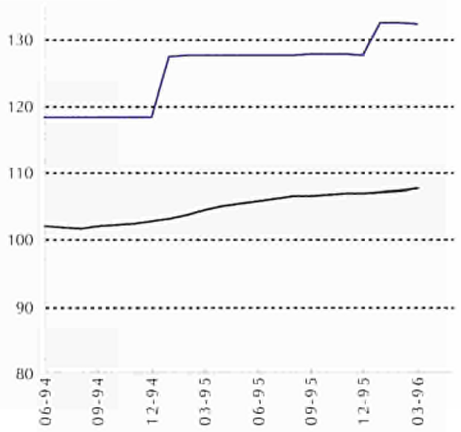


ITALIA

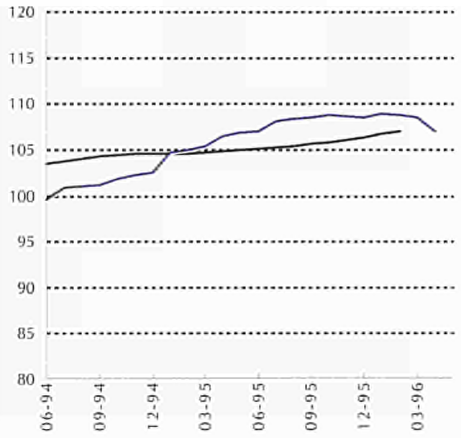
FIGURE 3.2.3

Production and producer price indexes (1990 = 100)

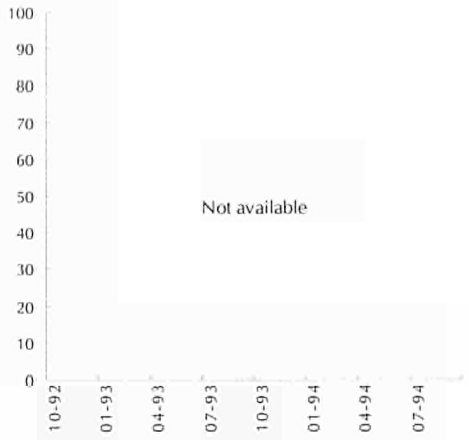
LUXEMBOURG



NEDERLAND



ÖSTERREICH



Not available

PORTUGAL

Index of production

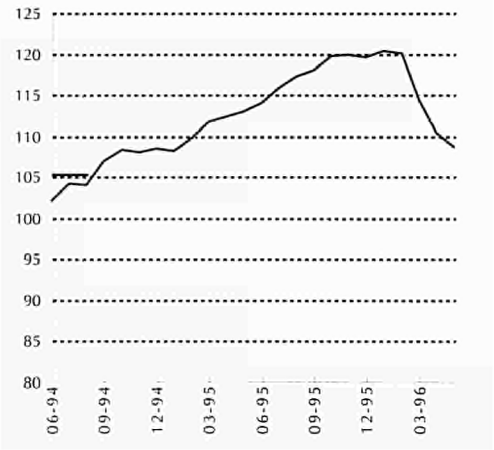
Producer price index

SOURCE: eurostat

FIGURE 3.2.3

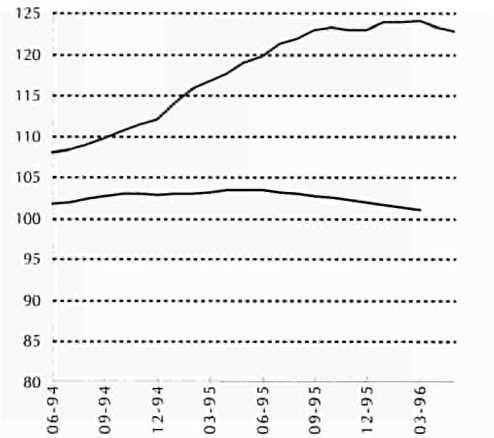
Production and producer price indexes (1990 = 100)

SUOMI/FINLAND



SVERIGE

UNITED KINGDOM



—— Index of production

—— Producer price index

SOURCE: eurostat

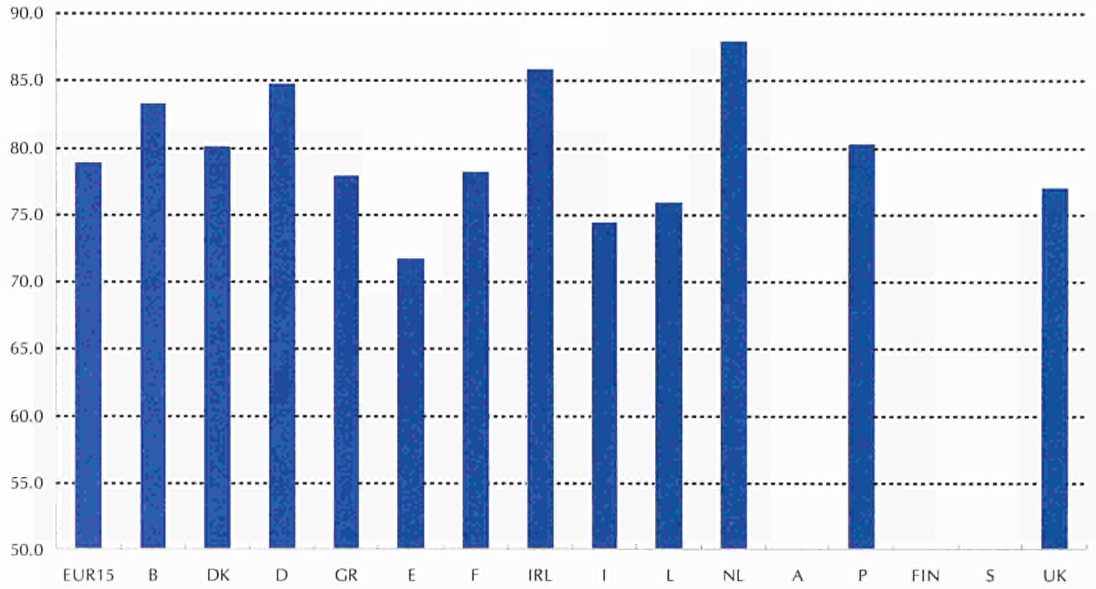


FIGURE 3.2.4

Capacity utilisation rates, first quarter 1996 (%)

SOURCE: DGII, BUSINESS SURVEY

TABLE 3.2.2

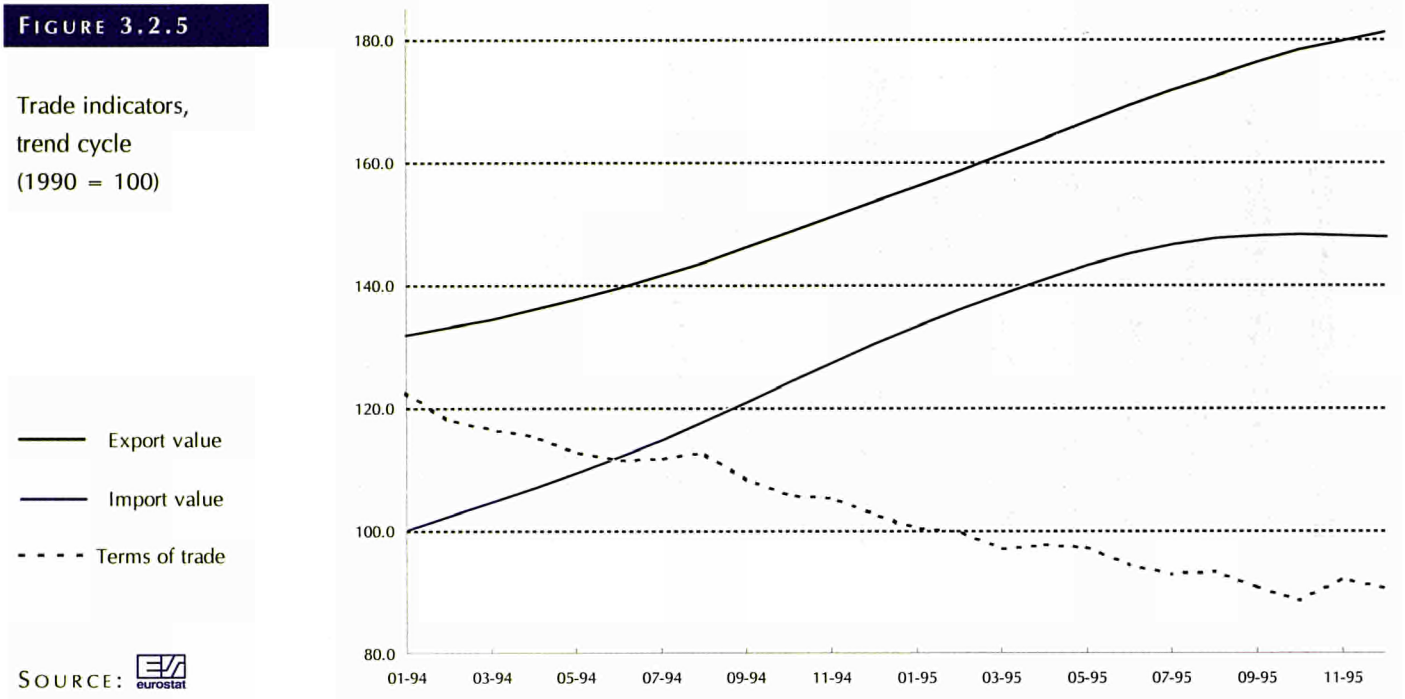
Capacity utilisation rates (%)

	Annual growth rate: latest quarter, t / t-4	Second quarter 1995	Third quarter 1995	Fourth quarter 1995	First quarter 1996
EUR15	-4.6	82.2	80.3	80.0	78.8
B	4.3	81.5	83.0	82.3	83.1
DK	0.0	81.0	80.0	79.0	80.0
D	-1.5	83.4	83.8	83.1	84.6
GR	-0.6	77.2	88.7	76.9	77.8
E	-5.2	73.2	74.4	70.1	71.6
F	-6.8	84.1	83.5	81.6	78.1
IRL	22.1	77.6	59.8	75.2	85.7
I	-2.2	78.4	69.9	76.4	74.3
L	-5.3	81.6	77.0	76.5	75.8
NL	-0.2	86.0	85.8	87.1	87.8
A	N/A	N/A	N/A	N/A	N/A
P	0.6	76.3	79.1	79.3	80.1
FIN	N/A	N/A	N/A	N/A	N/A
S	N/A	N/A	N/A	N/A	N/A
UK	-9.1	84.3	81.7	80.2	76.9

SOURCE: DGII, BUSINESS SURVEY

FIGURE 3.2.5

Trade indicators, trend cycle (1990 = 100)



SOURCE: eurostat

TABLE 3.2.3

Three month on three month growth rates for trade indicators, in ECU terms (%)

	Latest quarter available			Exports		Imports		Terms of trade
				Value	Volume	Value	Volume	
EUR15	10-95	⇨	12-95	1.5	1.1	-1.5	-3.7	-2.1
B / L	09-95	⇨	11-95	-5.3	-5.5	1.0	-0.2	-2.6
DK	10-95	⇨	12-95	-4.6	-2.7	-0.4	-0.3	-1.8
D	10-95	⇨	12-95	-2.4	-2.5	-3.9	-4.5	-2.2
GR	09-95	⇨	11-95	N/A	-3.2	2.7	-2.9	-0.8
E	10-95	⇨	12-95	-7.8	-1.9	-0.4	-6.0	-3.8
F	10-95	⇨	12-95	-8.3	-8.9	-6.3	-9.2	-0.7
IRL	08-95	⇨	10-95	-17.4	-10.1	0.0	-2.5	5.6
I	10-95	⇨	12-95	-1.2	-1.7	-8.8	-10.8	4.6
NL	10-95	⇨	12-95	N/A	-1.6	-3.3	-4.9	-3.0
A		⇨		N/A	N/A	N/A	N/A	N/A
P	10-95	⇨	12-95	N/A	-8.2	-0.2	0.4	0.7
FIN		⇨		N/A	N/A	N/A	N/A	N/A
S		⇨		N/A	N/A	N/A	N/A	N/A
UK	10-95	⇨	12-95	1.3	-4.7	-4.0	-5.5	3.9

SOURCE: eurostat

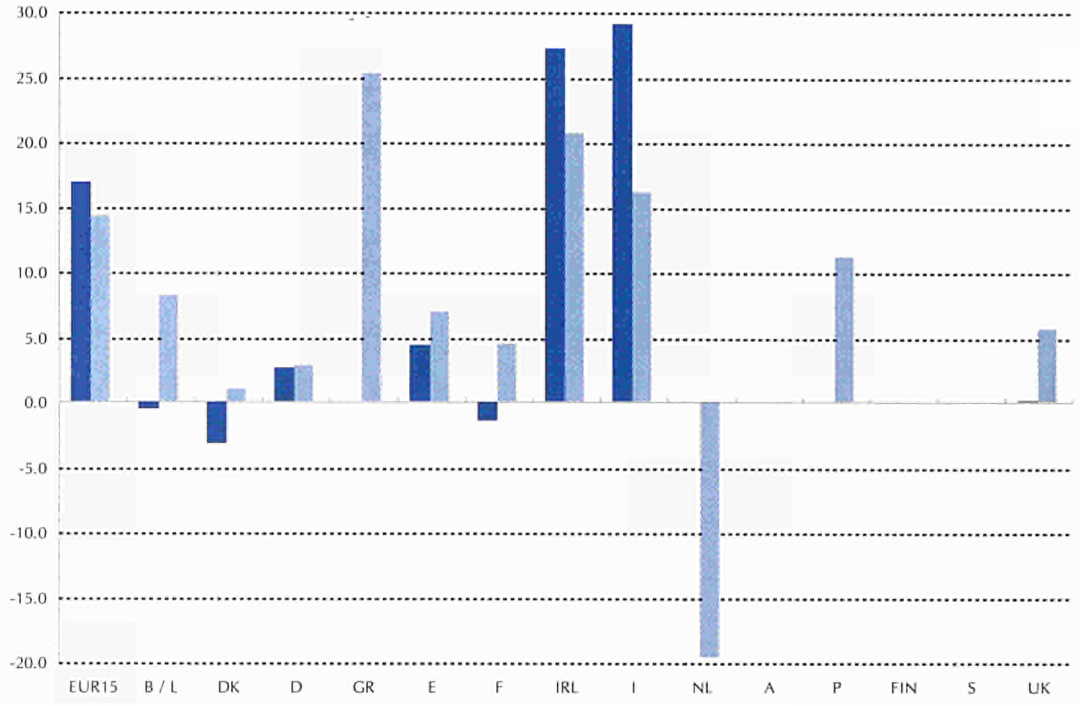


FIGURE 3.2.6

Year on year growth rates for trade indicators, based on changes from the corresponding quarter of the previous year, in ECU terms (%)

SOURCE: eurostat

	Latest quarter available			Exports Value	Exports Volume	Imports Value	Imports Volume	Terms of trade
EUR15	10-95	⇨	12-95	16.9	9.0	14.3	-7.9	-13.6
B / L	09-95	⇨	11-95	-0.6	-13.8	8.2	-4.6	-2.4
DK	10-95	⇨	12-95	-1.2	-11.2	1.0	-11.5	-2.5
D	10-95	⇨	12-95	2.6	-7.6	2.9	-13.7	-8.1
GR	09-95	⇨	11-95	N/A	N/A	25.3	-6.9	-9.1
E	10-95	⇨	12-95	4.4	-7.2	6.9	-17.0	-9.1
F	10-95	⇨	12-95	-1.5	-14.7	4.4	-9.2	-0.2
IRL	08-95	⇨	10-95	27.2	10.0	20.7	4.0	6.1
I	10-95	⇨	12-95	29.1	2.3	16.1	-15.0	-6.7
NL	10-95	⇨	12-95	N/A	-25.2	-19.6	-10.9	-5.2
A		⇨		N/A	N/A	N/A	N/A	N/A
P	10-95	⇨	12-95	N/A	-17.4	11.2	-4.1	1.9
FIN		⇨		N/A	N/A	N/A	N/A	N/A
S		⇨		N/A	N/A	N/A	N/A	N/A
UK	10-95	⇨	12-95	0.1	-17.4	5.6	-19.1	-8.5

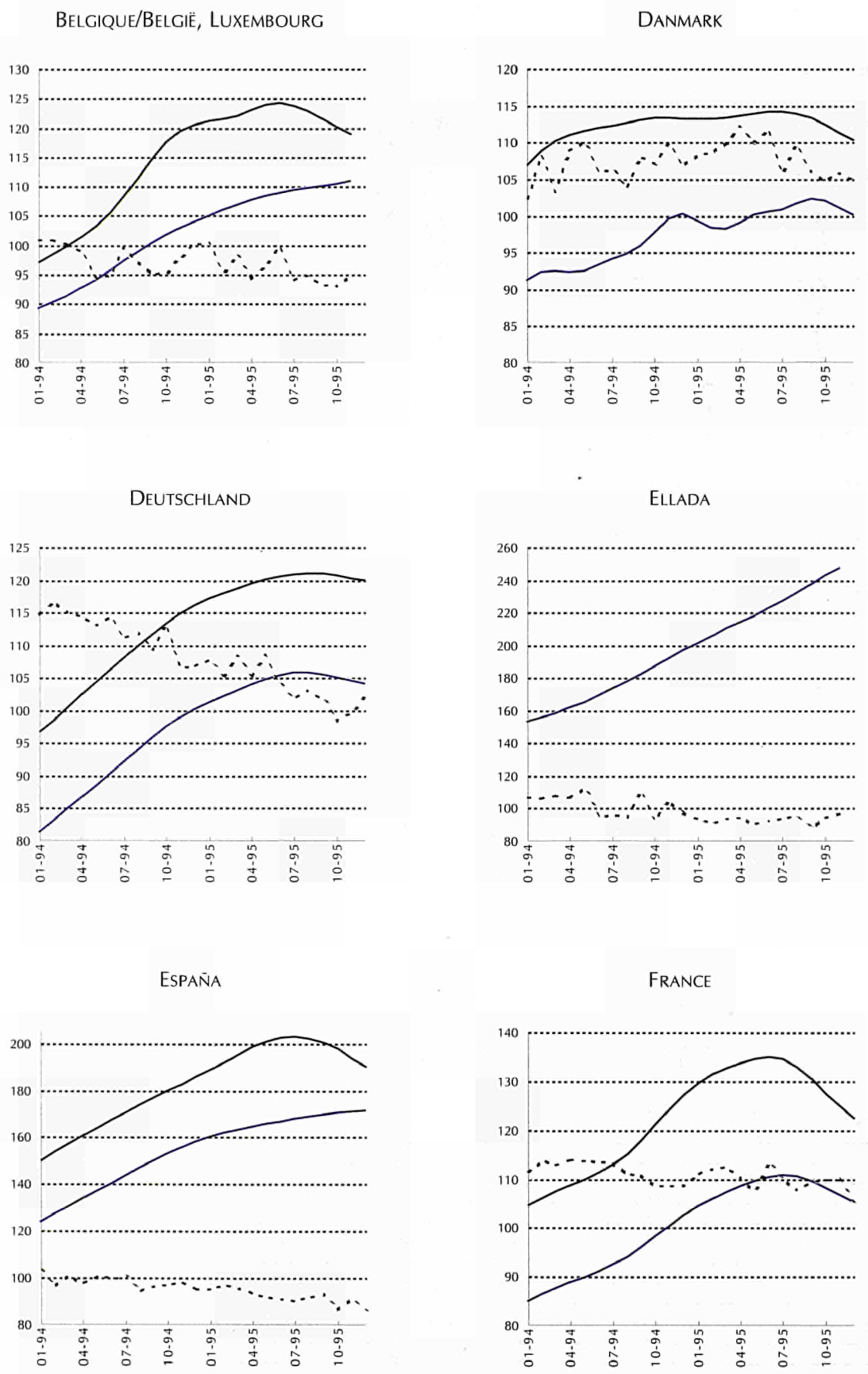
TABLE 3.2.4

Year on year growth rates for trade indicators, based on changes from the corresponding quarter of the previous year, in ECU terms (%)

SOURCE: eurostat

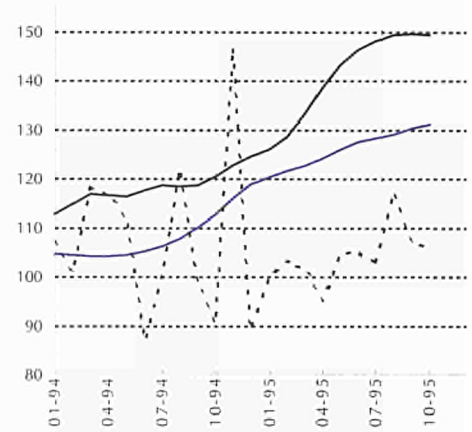
FIGURE 3.2.7

Trade indicators, trend cycle (1990 = 100)



SOURCE: eurostat

IRELAND



ITALIA

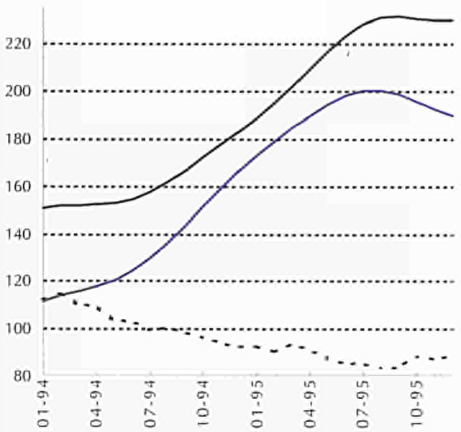
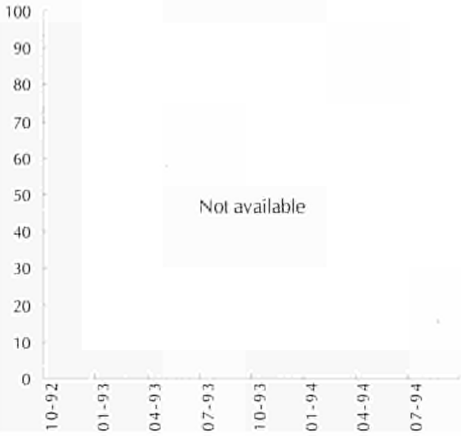


FIGURE 3.2.7

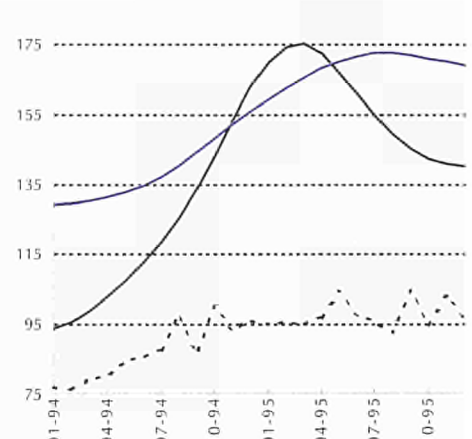
Trade indicators, trend cycle (1990 = 100)

NEDERLAND

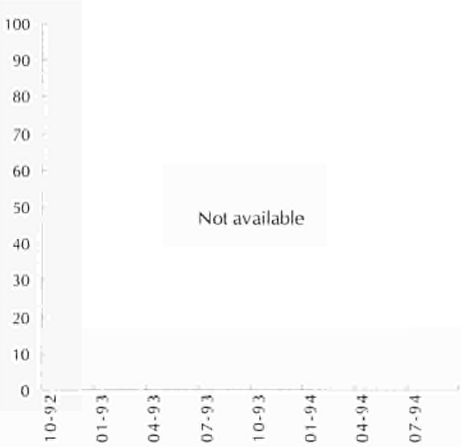
ÖSTERREICH



PORTUGAL



SUOMI/FINLAND



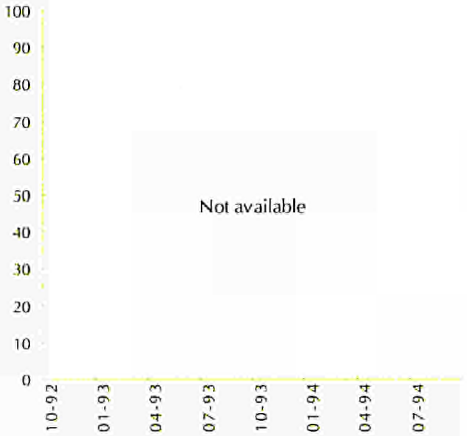
Export value
Import value
Terms of trade

SOURCE: eurostat

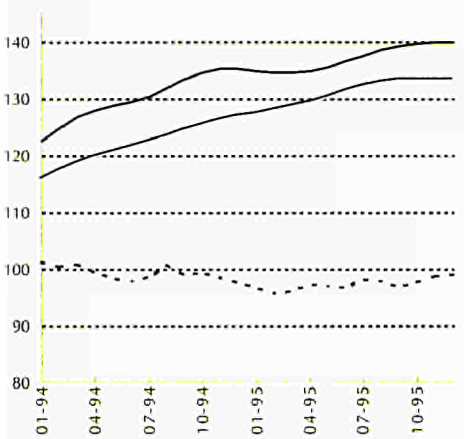
FIGURE 3.2.7

Trade indicators,
trend cycle
(1990 = 100)

SVERIGE



UNITED KINGDOM



Export value

Import value

Terms of trade

SOURCE: eurostat

The non-metallic minerals sector chiefly manufactures building materials: baked clay, cement, lime, plaster, asbestos and shaped stone products, plus grinding stones and other applied abrasive products, glass and ceramics. It is thus a cyclical industry whose growth is highly dependent on that of the construction sector. The EU produces and consumes more glass and produces more bricks and clay tiles than any other region in the world.

After an upturn in 1994, there is now a downturn in the sector. Output fell by 2.6% and 5.2% respectively in the last quarter of 1995 and the first quarter of 1996, following a similar trend in the construction industry. However, if the forecasts for the construction sector prove correct, the second half of the 1990s should turn out to be more favourable than the first for the non-metallic minerals sector.

The slowdown in the construction industry in 1995 affected the non-metallic mineral products sector

The only Member States to have experienced growth in the last quarter of 1995 or the first quarter of 1996 were Ireland, Greece, Portugal and Italy, at rates of 10.4% in the last quarter of 1995, 2.8% in the first quarter of 1996, 2.3% in the last quarter of 1995 and 1.9% in the first quarter of 1996 respectively. Output fell to some extent in all other Member States: in Germany, for example, the construction industry was worse affected than elsewhere and dragged the non-metallic minerals sector in its wake. In terms of the production specialisation ratio, the countries with the highest degree of specialisation in non-metallic mineral products were the southern Member States, Italy, Greece, Spain and Portugal, plus Belgium, Luxembourg and Austria.

The EU saw growth of 3.1% in 1995. Only three countries - Germany, Italy and Ireland - recorded a slight drop. The strongest growth in 1995 was in Denmark, at 13.2%.

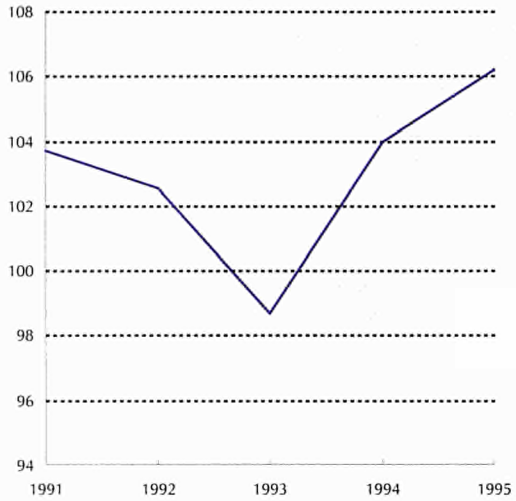
Employment in this industry has seen a constant decline since 1990. Following the record fall of 6.5% in 1993, the drop in employment figures slowed down to 2.5% in 1994. However, unit labour costs in the EU rose by 10.8% between 1990 and 1993. It was not until 1994 that they fell by 5.1%, thus slowing the rate of job losses in the sector. The 1995 figures were still less depressing, with employment at last appearing to bottom out, falling by 0.4%. Employment in Sweden showed the best results in 1994 and 1995, with 2.9% and 3.2% growth respectively, followed by Belgium with 1.7% growth in 1995. Finland and the United Kingdom recorded the most serious job losses in 1995, at rates of over 2.0%. Italy, Greece and Spain were the only Member States to see a fall in personnel expenditure in

IN THIS SECTION:

COMMENTARY 53
STRUCTURAL INDICATORS 57
SHORT-TERM INDICATORS 60

FIGURE 4.1.1

EUR12 production in constant prices (billion ECU)



SOURCE: DEBA GEIE

1994. Labour productivity increased by 13.3% between 1990 and 1994, including 8.4% between 1993 and 1994. Over the same period, the total unit costs of the EU grew by only 7.0%, with a drop of 0.9% in the last year. The competitiveness of the non-metallic mineral products sector is therefore on the increase.

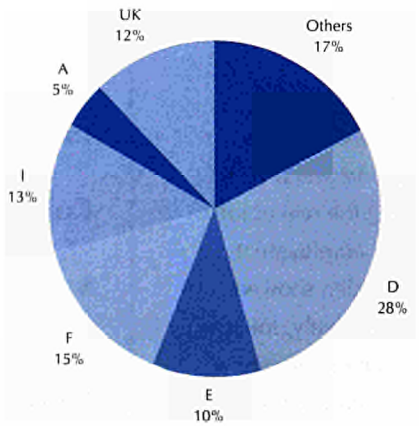
Capacity utilisation showed a slight decline in 1996, from 81.9% in the last quarter of 1995 to 79.6% in the first quarter of 1996 in the EU as a whole. In the first quarter of 1996, the highest capacity utilisation rates were recorded in the Netherlands and France, at 88.0% and 85.7% respectively, and the lowest in Denmark, at 72.0%.

Following the drop in output of non-metallic minerals, the increase in producer prices remained relatively small in 1995 in most Member States. Only Greece, Sweden, Spain and Italy had growth rates higher than 2.0%, at 7.1%, 6.1%, 3.6% and 2.6% respectively in the first quarter of 1996. Producer prices fell in the Netherlands and Luxembourg.

Most non-metallic minerals except flat glass, tiles and household ceramics are cumbersome products of relatively low value, based on local raw materials and sold primarily on local markets. Transport costs are high and have generally proved prohibitive where competition from distant sources is concerned. However, the low cost of sea transport by bulk carrier has made it possible to export products such as cement all over the world. Consequently, the market in the 1990s is much more competitive than it was before.

FIGURE 4.1.2

Share of value-added at factor cost, 1995



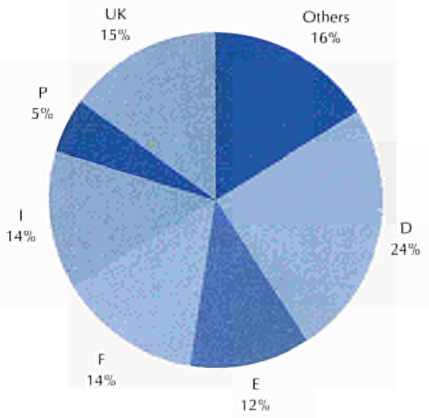
SOURCE: DEBA GEIE

Major international groups in the non-metallic mineral products sector are seeking to increase production capacity by expanding eastwards. Because of transport costs, the most hotly-disputed markets are those geographically closest to the EU: Poland, whose plan for privatising the cement sector is attracting many foreign investors, and the Czech Republic, whose glass sector is of particular interest to international companies. Some other countries neighbouring the EU, such as Norway, are also a special target for these multinationals. To judge by mergers and takeovers, competition in the cement sector seems to be fairly lively. However, since this sector has a tendency to concentrate and form cartels, competition in terms of selling prices does not always work as it should. The Commission has imposed heavy penalties on certain companies in the cement sector.

In 1995, the leading Member States in the non-metallic minerals industry were Germany, France, Italy, the United Kingdom and Spain, which accounted for 78.4% of Community output, 78.4% of Community value added and 78.6% of Community employment in the sector. The sector accounted for 4.5% of the value added generated by manufacturing industry in 1995.

FIGURE 4.1.3

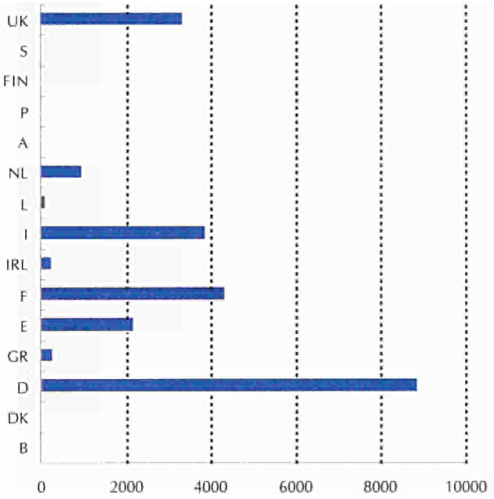
Share of number of employees, 1995



SOURCE: DEBA GEIE

FIGURE 4.1.4

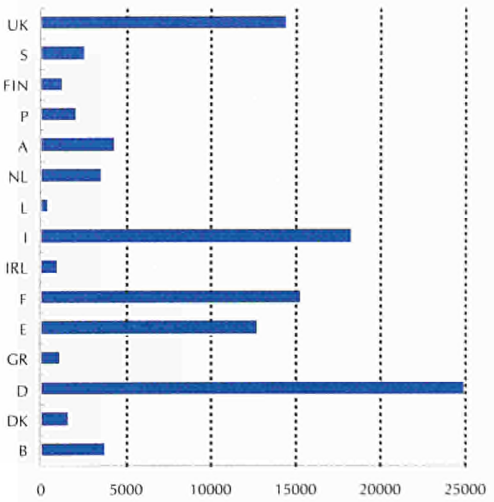
Labour costs, 1994 (million ECU)



SOURCE: DEBA GEIE

FIGURE 4.1.5

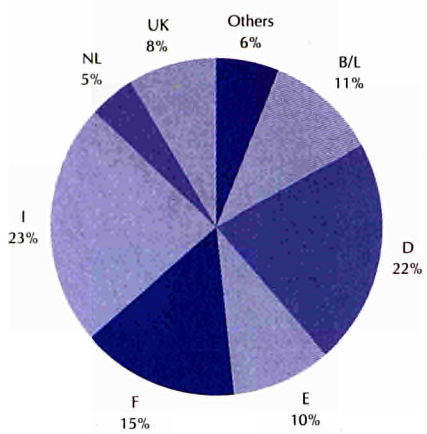
Production in constant prices, 1995 (million ECU)



SOURCE: DEBA GEIE

FIGURE 4.1.6

Share of world exports (EUR12), 1995

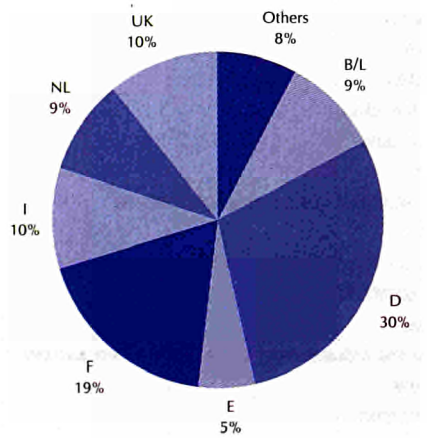


SOURCE: eurostat

The countries listed above were all net exporters in 1995, with trade surpluses of ECU 636.2 million, ECU 1078.2 million, ECU 2399.2 million, ECU 506.6 million and ECU 1016.3 million respectively. Three Member States - the Netherlands, Sweden and Ireland - have remained net importers since 1990, however. Apart from 1994, Greece has always been a net importer of non-metallic mineral products. EU imports accounted for 17.9% of apparent consumption in 1995, compared with about 19.5% in 1990. For all intra-EU and extra-EU trade flows (imports plus exports), a slowdown of 2.8% was observed in 1995, following the strong upturn of 10.2% in 1994.

FIGURE 4.1.7

Share of world imports (EUR12), 1995



SOURCE: eurostat

TABLE 4.1.1

Value-added at factor cost (million ECU)

	1991	t / t-1 (%)	1992	t / t-1 (%)	1993	t / t-1 (%)	1994	t / t-1 (%)	1995	t / t-1 (%)
EUR15	45035.4	1.4	44580.4	-1.0	42529.3	-4.6	45288.2	6.5	46799.2	3.3
B	1157.1	13.2	1212.2	4.8	1221.6	0.8	1328.6	8.8	1504.5	13.2
share (%)	2.6		2.7		2.9		2.9		3.2	
DK	668.7	-2.5	691.5	3.4	667.9	-3.4	763.2	14.3	864.3	13.2
share (%)	1.5		1.6		1.6		1.7		1.8	
D	11212.5	10.3	11866.4	5.8	12084.1	1.8	12979.5	7.4	13235.7	2.0
share (%)	24.9		26.6		28.4		28.7		28.3	
GR	193.6	-19.3	252.5	30.4	256.4	1.5	274.0	6.9	307.0	12.0
share (%)	0.4		0.6		0.6		0.6		0.7	
E	5212.3	0.9	5078.6	-2.6	4218.7	-16.9	4455.4	5.6	4858.1	9.0
share (%)	11.6		11.4		9.9		9.8		10.4	
F	6388.9	0.1	6198.5	-3.0	6146.3	-0.8	6612.8	7.6	6869.4	3.9
share (%)	14.2		13.9		14.5		14.6		14.7	
IRL	434.1	0.2	428.8	-1.2	413.9	-3.5	486.5	17.5	477.7	-1.8
share (%)	1.0		1.0		1.0		1.1		1.0	
I	7649.0	5.7	7554.7	-1.2	6150.8	-18.6	6186.8	0.6	6073.5	-1.8
share (%)	17.0		16.9		14.5		13.7		13.0	
L	173.3	-1.8	155.1	-10.5	163.2	5.2	183.1	12.2	181.2	-1.0
share (%)	0.4		0.3		0.4		0.4		0.4	
NL	1349.5	2.7	1419.6	5.2	1493.7	5.2	1696.2	13.6	1797.7	6.0
share (%)	3.0		3.2		3.5		3.7		3.8	
A	1808.3	9.5	1932.7	6.9	1893.4	-2.0	2003.5	5.8	2107.4	5.2
share (%)	4.0		4.3		4.5		4.4		4.5	
P	1017.8	18.6	1093.7	7.5	1117.0	2.1	1141.9	2.2	1213.4	6.3
share (%)	2.3		2.5		2.6		2.5		2.6	
FIN	793.0	-21.7	548.8	-30.8	557.3	1.6	584.7	4.9	624.3	6.8
share (%)	1.8		1.2		1.3		1.3		1.3	
S	1002.0	-17.5	888.2	-11.4	890.1	0.2	959.6	7.8	1050.1	9.4
share (%)	2.2		2.0		2.1		2.1		2.2	
UK	5975.3	-13.1	5259.0	-12.0	5254.9	-0.1	5632.4	7.2	5634.9	0.0
share (%)	13.3		11.8		12.4		12.4		12.0	

SOURCE: DEBA GEIE

TABLE 4.1.2

Production in current prices (million ECU)

	1991	t / t-1 (%)	1992	t / t-1 (%)	1993	t / t-1 (%)	1994	t / t-1 (%)	1995	t / t-1 (%)
EUR15	108588.1	3.2	109020.4	0.4	103899.5	-4.7	110742.1	6.6	114183.2	3.1
B	3316.3	7.3	3518.6	6.1	3570.0	1.5	3895.8	9.1	4419.0	13.4
share (%)	3.1		3.2		3.4		3.5		3.9	
DK	1413.4	-2.6	1431.1	1.3	1382.4	-3.4	1579.4	14.3	1787.5	13.2
share (%)	1.3		1.3		1.3		1.4		1.6	
D	25622.0	8.9	27706.7	8.1	28446.8	2.7	30646.4	7.7	30541.9	-0.3
share (%)	23.6		25.4		27.4		27.7		26.7	
GR	1049.3	0.0	1037.7	-1.1	1072.8	3.4	1108.7	3.3	1221.2	10.1
share (%)	1.0		1.0		1.0		1.0		1.1	
E	12309.7	7.6	12232.9	-0.6	10137.1	-17.1	10645.9	5.0	11555.5	8.5
share (%)	11.3		11.2		9.8		9.6		10.1	
F	15698.0	0.9	15575.5	-0.8	15290.3	-1.8	16443.8	7.5	17294.7	5.2
share (%)	14.5		14.3		14.7		14.8		15.1	
IRL	887.2	-1.0	876.4	-1.2	845.7	-3.5	986.8	16.7	966.0	-2.1
share (%)	0.8		0.8		0.8		0.9		0.8	
I	19926.0	4.8	19749.6	-0.9	15974.4	-19.1	16067.5	0.6	15841.4	-1.4
share (%)	18.4		18.1		15.4		14.5		13.9	
L	347.1	-2.1	335.7	-3.3	354.4	5.6	396.0	11.7	393.4	-0.7
share (%)	0.3		0.3		0.3		0.4		0.3	
NL	3138.7	1.0	3336.4	6.3	3535.4	6.0	4017.2	13.6	4251.0	5.8
share (%)	2.9		3.1		3.4		3.6		3.7	
A	4159.8	6.8	4440.4	6.7	4360.5	-1.8	4619.6	5.9	4851.9	5.0
share (%)	3.8		4.1		4.2		4.2		4.2	
P	2145.6	17.3	2308.8	7.6	2393.3	3.7	2439.8	1.9	2583.5	5.9
share (%)	2.0		2.1		2.3		2.2		2.3	
FIN	1706.4	-19.2	1212.6	-28.9	1225.6	1.1	1284.3	4.8	1373.6	6.9
share (%)	1.6		1.1		1.2		1.2		1.2	
S	2733.9	23.1	2414.9	-11.7	2421.2	0.3	2611.3	7.9	2857.1	9.4
share (%)	2.5		2.2		2.3		2.4		2.5	
UK	14134.7	-9.9	12843.2	-9.1	12889.7	0.4	13999.7	8.6	14245.6	1.8
share (%)	13.0		11.8		12.4		12.6		12.5	

SOURCE: DEBA GEIE

TABLE 4.1.3

Number of employees (units)

	1991	t / t-1 (%)	1992	t / t-1 (%)	1993	t / t-1 (%)	1994	t / t-1 (%)	1995	t / t-1 (%)
EUR15	1113197.0	-1.4	1071722.1	-3.7	1002447.4	-6.5	977682.0	-2.5	973626.9	-0.4
B	30723.0	-3.3	30414.0	-1.0	29543.0	-2.9	29157.0	-1.3	29683.0	1.8
share (%)	2.8		2.8		2.9		3.0		3.0	
DK	14748.0	-4.8	14104.0	-4.4	13450.0	-4.6	N/A	N/A	N/A	N/A
share (%)	1.3		1.3		1.3		N/A		N/A	
D	260635.0	2.7	257363.0	-1.3	244790.0	-4.9	238914.0	-2.4	238338.0	-0.2
share (%)	23.4		24.0		24.4		24.4		24.5	
GR	16487.0	-6.2	15502.0	-6.0	14896.0	-3.9	14008.0	-6.0	13905.0	-0.7
share (%)	1.5		1.4		1.5		1.4		1.4	
E	138502.0	1.5	132944.0	-4.0	115557.0	-13.1	113230.0	-2.0	113018.0	-0.2
share (%)	12.4		12.4		11.5		11.6		11.6	
F	141983.0	0.3	138362.0	-2.6	131951.0	-4.6	133115.0	0.9	133201.0	0.1
share (%)	12.8		12.9		13.2		13.6		13.7	
IRL	9216.0	-2.7	8751.0	-5.0	8330.0	-4.8	8291.0	-0.5	8320.0	0.3
share (%)	0.8		0.8		0.8		0.8		0.9	
I	158644.0	0.3	154488.0	-2.6	148374.0	-4.0	135713.0	-8.5	135041.0	-0.5
share (%)	14.3		14.4		14.8		13.9		13.9	
L	3132.0	-2.1	2920.0	-6.8	2608.0	-10.7	2394.0	-8.2	2266.0	-5.3
share (%)	0.3		0.3		0.3		0.2		0.2	
NL	28829.0	-1.4	28846.0	0.1	28488.0	-1.2	28013.0	-1.7	N/A	N/A
share (%)	2.6		2.7		2.8		2.9		N/A	
A	37000.0	-2.4	36702.1	-0.8	34743.9	-5.3	34017.3	-2.1	34350.6	1.0
share (%)	3.3		3.4		3.5		3.5		3.5	
P	56979.0	0.8	54000.0	-5.2	49896.0	-7.6	50440.0	1.1	50006.0	-0.9
share (%)	5.1		5.0		5.0		5.2		5.1	
FIN	18400.0	-8.5	15100.0	-17.9	12886.0	-14.7	11483.3	-10.9	10814.4	-5.8
share (%)	1.7		1.4		1.3		1.2		1.1	
S	22100.0	-1.3	18800.0	-14.9	15895.5	-15.4	16349.4	2.9	16872.9	3.2
share (%)	2.0		1.8		1.6		1.7		1.7	
UK	175819.0	-9.9	163426.0	-7.0	151039.0	-7.6	149440.0	-1.1	146098.0	-2.2
share (%)	15.8		15.2		15.1		15.3		15.0	

SOURCE: DEBA GEIE

TABLE 4.1.4

Labour costs (million ECU)

	1991	t / t-1 (%)	1992	t / t-1 (%)	1993	t / t-1 (%)	1994	t / t-1 (%)	1995	t / t-1 (%)
EUR12	26295.7	6.0	26850.1	2.1	25862.7	-3.7	25992.4	0.5	N/A	N/A
B	958.8	2.7	980.7	2.3	1032.1	5.2	N/A	N/A	N/A	N/A
share (%)	3.6		3.7		4.0		N/A		N/A	
DK	425.9	-1.2	426.0	0.0	426.5	0.1	N/A	N/A	N/A	N/A
share (%)	1.6		1.6		1.6		N/A		N/A	
D	7795.1	8.5	8326.5	6.8	8638.7	3.7	8851.2	2.5	N/A	N/A
share (%)	29.6		31.0		33.4		34.1		N/A	
GR	256.7	2.6	260.4	1.4	261.7	0.5	260.2	-0.6	270.1	3.8
share (%)	1.0		1.0		1.0		1.0		N/A	
E	2652.5	11.5	2763.8	4.2	2250.0	-18.6	2158.8	-4.1	2183.6	1.1
share (%)	10.1		10.3		8.7		8.3		N/A	
F	4001.1	3.3	4097.4	2.4	4124.9	0.7	4295.9	4.1	4351.3	1.3
share (%)	15.2		15.3		15.9		16.5		N/A	
IRL	227.5	0.7	223.1	-1.9	209.0	-6.3	219.2	4.9	N/A	N/A
share (%)	0.9		0.8		0.8		0.8		N/A	
I	4795.4	9.9	4772.4	-0.5	4212.8	-11.7	3853.3	-8.5	3595.4	-6.7
share (%)	18.2		17.8		16.3		14.8		N/A	
L	75.9	5.3	75.7	-0.3	74.4	-1.7	72.6	-2.4	72.8	0.3
share (%)	0.3		0.3		0.3		0.3		N/A	
NL	808.8	5.1	851.3	5.3	912.4	7.2	928.4	1.8	N/A	N/A
share (%)	3.1		3.2		3.5		3.6		N/A	
A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
share (%)	N/A		N/A		N/A		N/A		N/A	
P	510.1	20.9	570.8	11.9	518.3	-9.2	N/A	N/A	N/A	N/A
share (%)	1.9		2.1		2.0		N/A		N/A	
FIN	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	
S	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	
UK	3787.8	-2.8	3502.1	-7.5	3201.9	-8.6	3311.0	3.4	3148.3	-4.9
share (%)	14.4		13.0		12.4		12.7		N/A	

SOURCE: DEBA GEIE

TABLE 4.1.5

Extra-EUR12 exports (million ECU)

	1991	t / t-1 (%)	1992	t / t-1 (%)	1993	t / t-1 (%)	1994	t / t-1 (%)	1995	t / t-1 (%)
EUR12	8582.3	0.8	8622.8	0.5	9378.9	8.8	10363.0	10.5	11095.0	7.1
B / L	264.6	-6.1	237.0	-10.4	301.7	27.3	371.8	23.2	**436.2**	**17.3**
share (%)	3.1		2.7		3.2		3.6		**3.9**	
DK	192.1	-7.2	195.2	1.6	185.5	-5.0	171.5	-7.5	183.8	7.2
share (%)	2.2		2.3		2.0		1.7		1.7	
D	2313.3	5.0	2242.5	-3.1	2433.9	8.5	2694.3	10.7	2819.5	4.6
share (%)	27.0		26.0		26.0		26.0		25.4	
GR	139.5	-7.5	164.2	17.7	168.0	2.3	214.3	27.6	184.1	-14.1
share (%)	1.6		1.9		1.8		2.1		1.7	
E	776.4	5.5	899.4	15.8	1028.2	14.3	1139.6	10.8	1243.3	9.1
share (%)	9.0		10.4		11.0		11.0		11.2	
F	1243.5	-0.2	1273.0	2.4	1341.3	5.4	1467.1	9.4	1595.5	8.8
share (%)	14.5		14.8		14.3		14.2		14.4	
IRL	87.3	15.0	72.5	-17.0	80.1	10.5	92.5	15.5	81.6	-11.8
share (%)	1.0		0.8		0.9		0.9		0.7	
I	2418.0	-2.2	2394.4	-1.0	2553.9	6.7	2793.4	9.4	2976.6	6.6
share (%)	28.2		27.8		27.2		27.0		26.8	
NL	167.9	-5.1	170.6	1.6	196.3	15.1	231.0	17.7	238.1	3.1
share (%)	2.0		2.0		2.1		2.2		2.1	
A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
share (%)	N/A		N/A		N/A		N/A		N/A	
P	150.7	1.1	170.8	13.3	170.2	-0.4	170.5	0.2	174.8	2.5
share (%)	1.8		2.0		1.8		1.6		1.6	
FIN	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	
S	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	
UK	829.0	1.5	803.1	-3.1	919.7	14.5	1017.0	10.6	1161.5	14.2
share (%)	9.7		9.3		9.8		9.8		10.5	

SOURCE: eurostat

TABLE 4.1.6

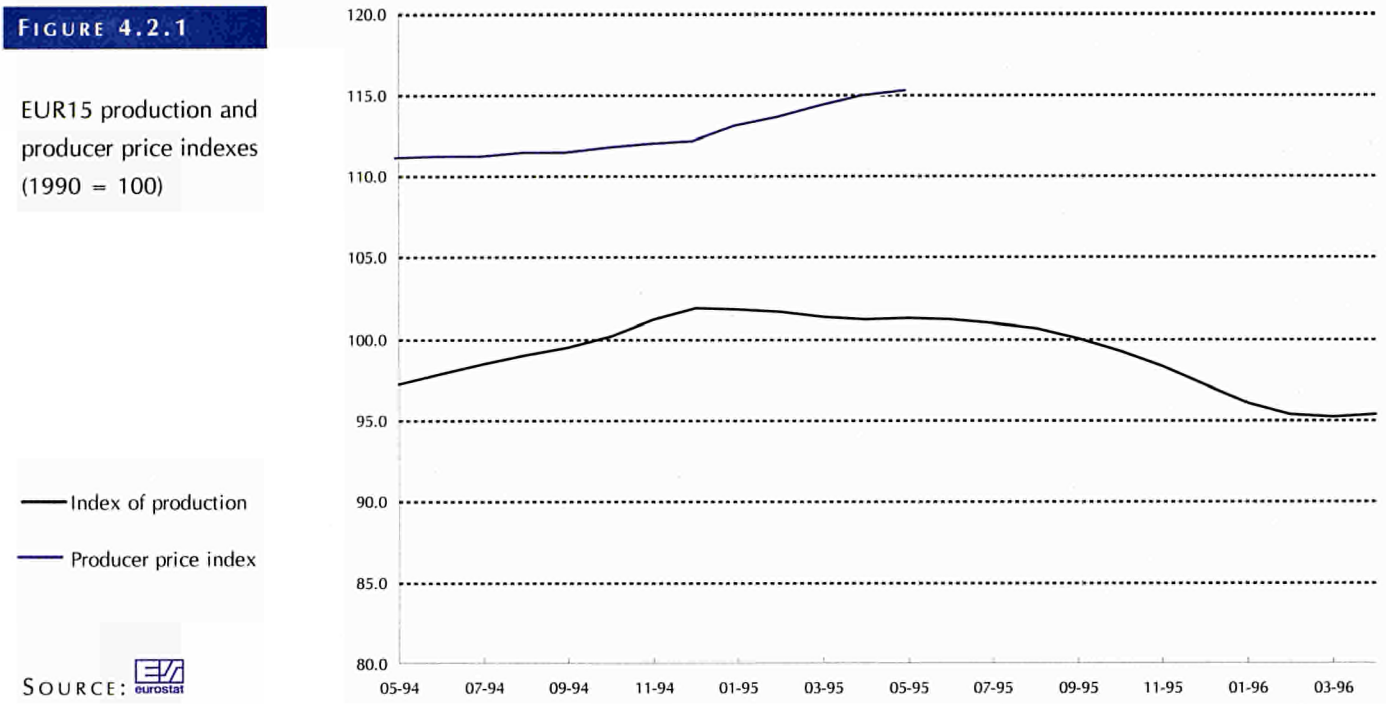
Extra-EUR12 imports (million ECU)

	1991	t / t-1 (%)	1992	t / t-1 (%)	1993	t / t-1 (%)	1994	t / t-1 (%)	1995	t / t-1 (%)
EUR12	4012.1	16.8	4341.9	8.2	4420.1	1.8	4900.0	10.9	5289.6	8.0
B / L	231.6	14.7	244.9	5.7	265.7	8.5	279.9	5.3	**323.4**	**15.5**
share (%)	5.8		5.6		6.0		5.7		**6.1**	
DK	145.0	2.9	147.1	1.4	142.7	-3.0	173.8	21.8	195.9	12.7
share (%)	3.6		3.4		3.2		3.5		3.7	
D	1496.7	33.1	1656.7	10.7	1856.3	12.0	2106.5	13.5	2183.3	3.6
share (%)	37.3		38.2		42.0		43.0		41.3	
GR	63.5	15.7	69.8	9.9	80.4	15.2	80.1	-0.4	157.5	96.6
share (%)	1.6		1.6		1.8		1.6		3.0	
E	288.8	24.6	296.1	2.5	196.8	-33.5	182.0	-7.5	227.0	24.7
share (%)	7.2		6.8		4.5		3.7		4.3	
F	363.6	3.2	395.1	8.7	405.1	2.5	464.5	14.7	517.3	11.4
share (%)	9.1		9.1		9.2		9.5		9.8	
IRL	29.3	17.2	36.6	24.9	40.2	9.8	50.9	26.6	45.0	-11.6
share (%)	0.7		0.8		0.9		1.0		0.9	
I	572.7	10.5	602.0	5.1	502.2	-16.6	511.1	1.8	577.4	13.0
share (%)	14.3		13.9		11.4		10.4		10.9	
NL	249.5	14.3	300.1	20.3	329.7	9.9	390.7	18.5	383.7	-1.8
share (%)	6.2		6.9		7.5		8.0		7.3	
A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
share (%)	N/A		N/A		N/A		N/A		N/A	
P	20.4	5.2	23.4	14.7	28.2	20.5	21.6	-23.4	24.2	12.0
share (%)	0.5		0.5		0.6		0.4		0.5	
FIN	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	
S	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	
UK	550.9	0.5	570.1	3.5	572.7	0.5	638.7	11.5	654.9	2.5
share (%)	13.7		13.1		13.0		13.0		12.4	

SOURCE: eurostat

FIGURE 4.2.1

EUR15 production and producer price indexes (1990 = 100)



SOURCE: eurostat

TABLE 4.2.1

Three month on three month and year on year growth rates for production and producer prices (%)

	Latest quarter available			Production index t / t-1	Production index t / t-4	Latest quarter available			Producer price index t / t-1	Producer price index t / t-4
EUR15	02-96	⇨	04-96	-2.7	-6.7	03-95	⇨	05-95	1.7	3.5
B	12-95	⇨	02-96	-14.9	-15.4	02-96	⇨	04-96	0.5	0.9
DK	02-96	⇨	04-96	4.5	-12.5	02-96	⇨	04-96	0.6	1.6
D	02-96	⇨	04-96	-4.8	-16.1	03-96	⇨	05-96	0.0	-0.2
GR	01-96	⇨	03-96	-3.9	1.0	02-96	⇨	04-96	1.2	7.7
E	02-96	⇨	04-96	-1.9	-3.8	02-96	⇨	04-96	1.3	3.2
F	02-96	⇨	04-96	-4.0	-8.2	03-96	⇨	05-96	0.1	0.6
IRL	12-95	⇨	02-96	2.9	13.8	01-96	⇨	03-96	1.0	2.0
I	02-96	⇨	04-96	-2.8	-0.9	02-96	⇨	04-96	0.2	2.1
L	01-96	⇨	03-96	0.5	-6.3	02-96	⇨	04-96	-1.8	-2.8
NL	11-95	⇨	01-96	-6.6	-11.1	02-96	⇨	04-96	0.0	0.9
A		⇨		N/A	N/A		⇨		N/A	N/A
P	10-95	⇨	12-95	2.9	5.8		⇨		N/A	N/A
FIN	02-96	⇨	04-96	-4.1	-7.4	03-96	⇨	05-96	0.8	0.7
S	02-96	⇨	04-96	-2.0	-11.1	03-96	⇨	05-96	1.2	5.4
UK	02-96	⇨	04-96	-1.0	-1.6	03-95	⇨	05-95	2.9	5.1

SOURCE: eurostat

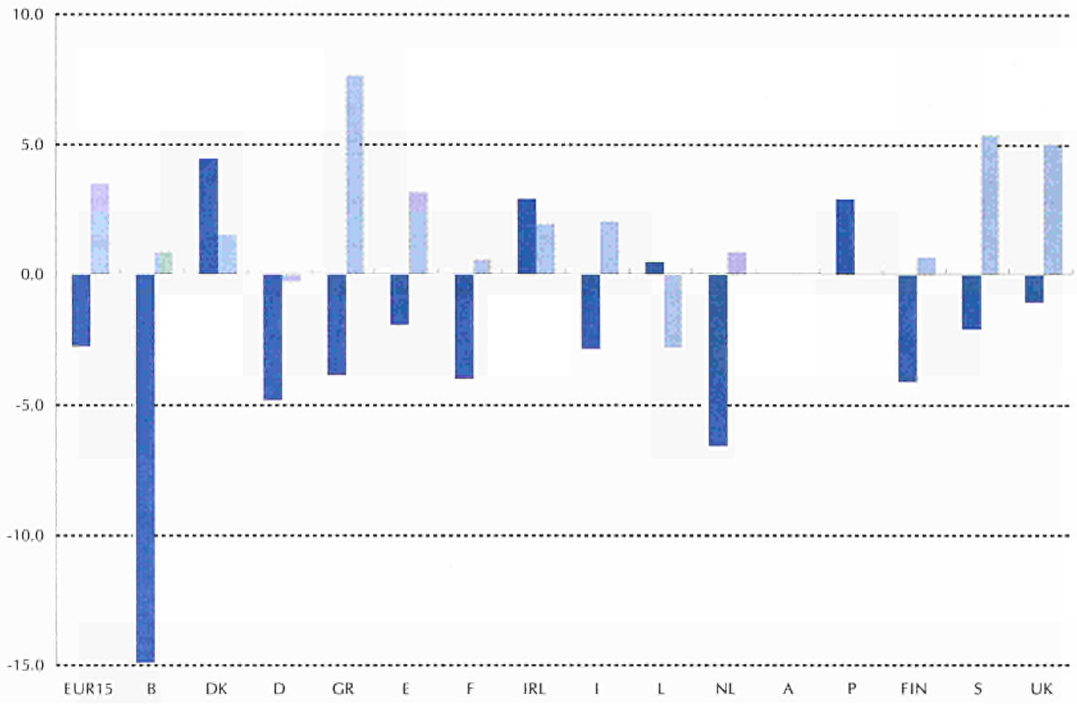


FIGURE 4.2.2

Year on year growth rates for production and producer price indexes, based on changes from the corresponding quarter of the previous year (%)

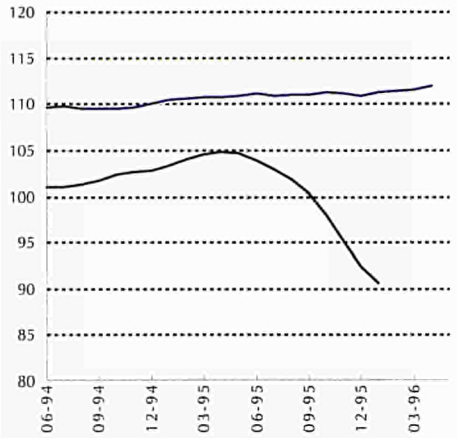
Production
Producer prices

SOURCE: eurostat

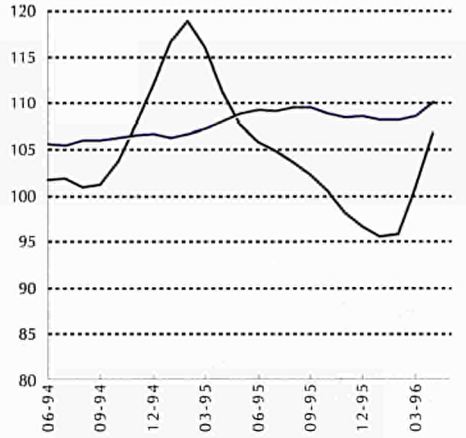
FIGURE 4.2.3

Production and producer price indexes (1990 = 100)

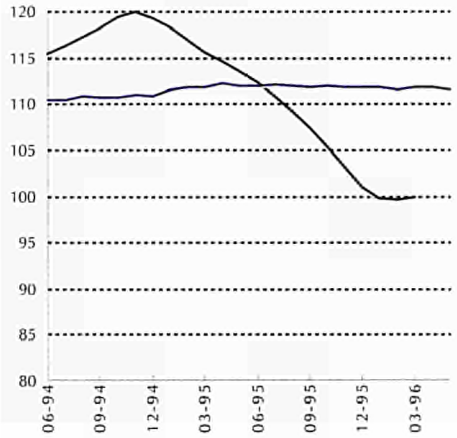
BELGIQUE/BELGIË



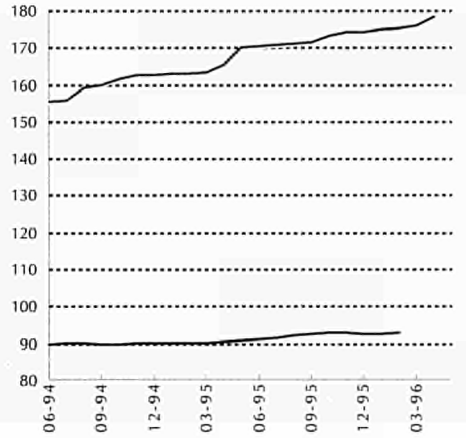
DANMARK



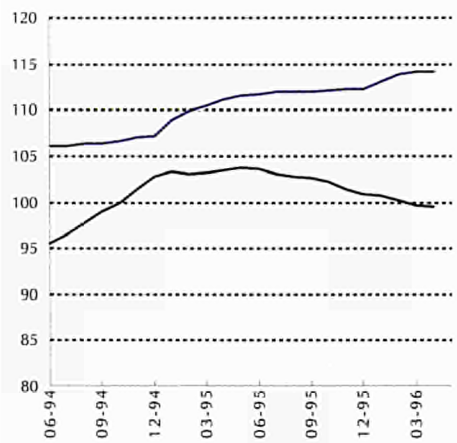
DEUTSCHLAND



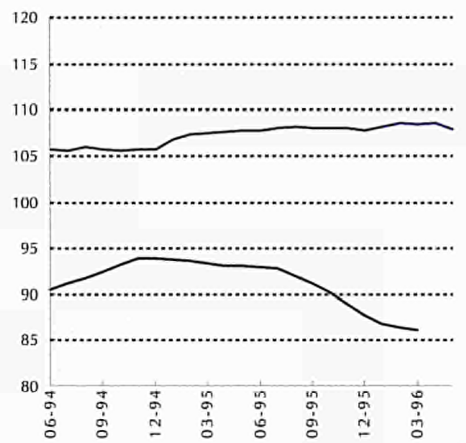
ELLADA



ESPAÑA



FRANCE

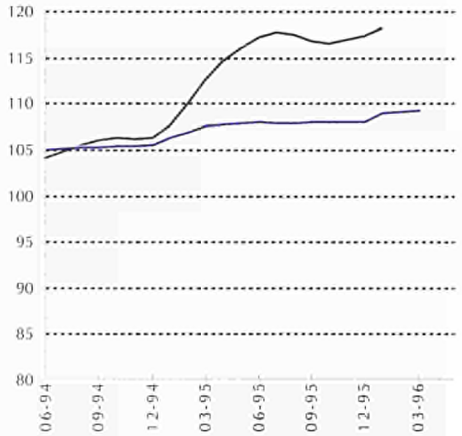


Index of production

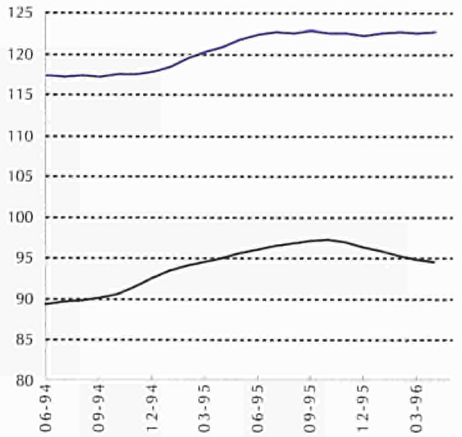
Producer price index

SOURCE: eurostat

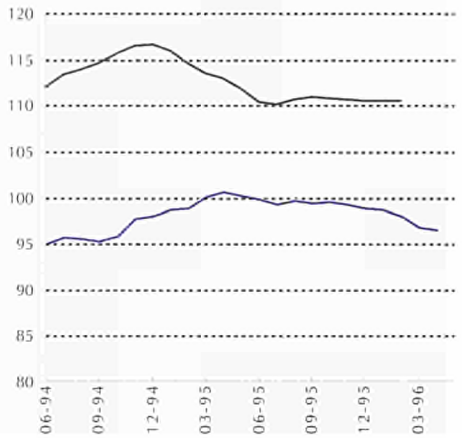
IRELAND



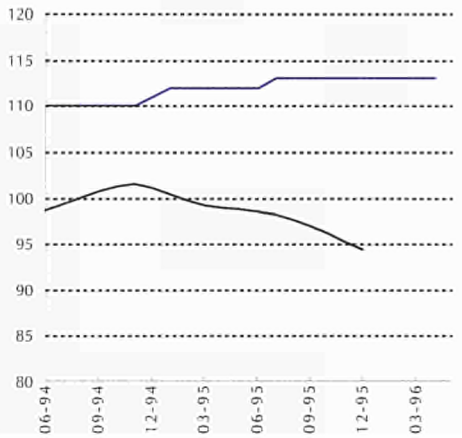
ITALIA



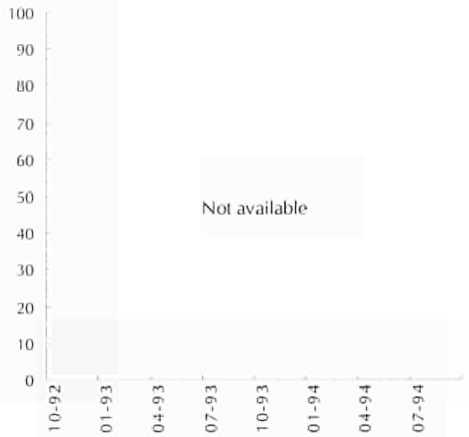
LUXEMBOURG



NEDERLAND



ÖSTERREICH



PORTUGAL

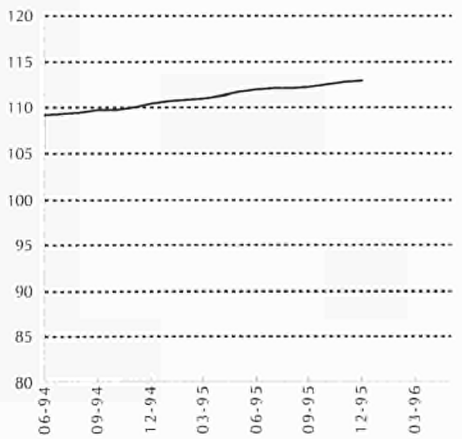


FIGURE 4.2.3

Production and producer price indexes (1990 = 100)

Index of production

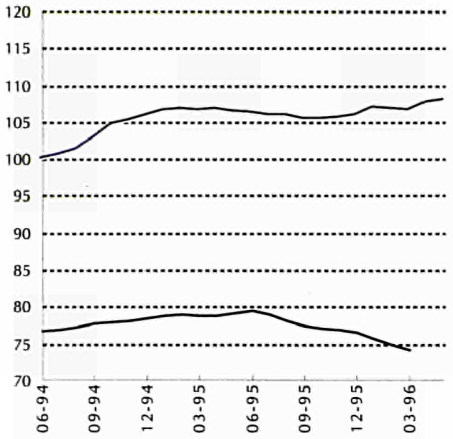
Producer price index

SOURCE: eurostat

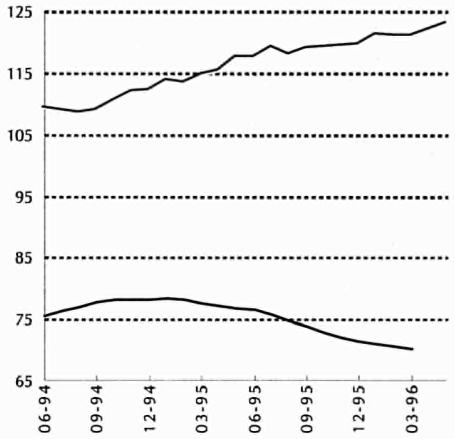
FIGURE 4.2.3

Production and producer price indexes (1990 = 100)

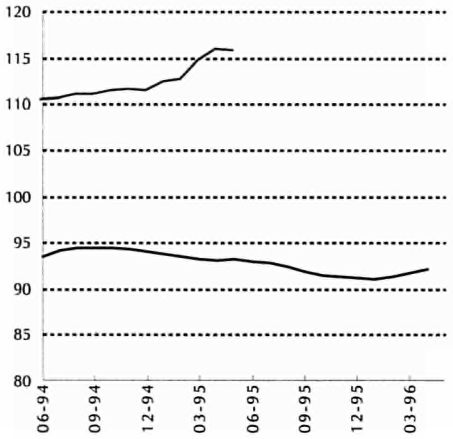
SUOMI/FINLAND



SVERIGE



UNITED KINGDOM



— Index of production

— Producer price index

SOURCE: eurostat

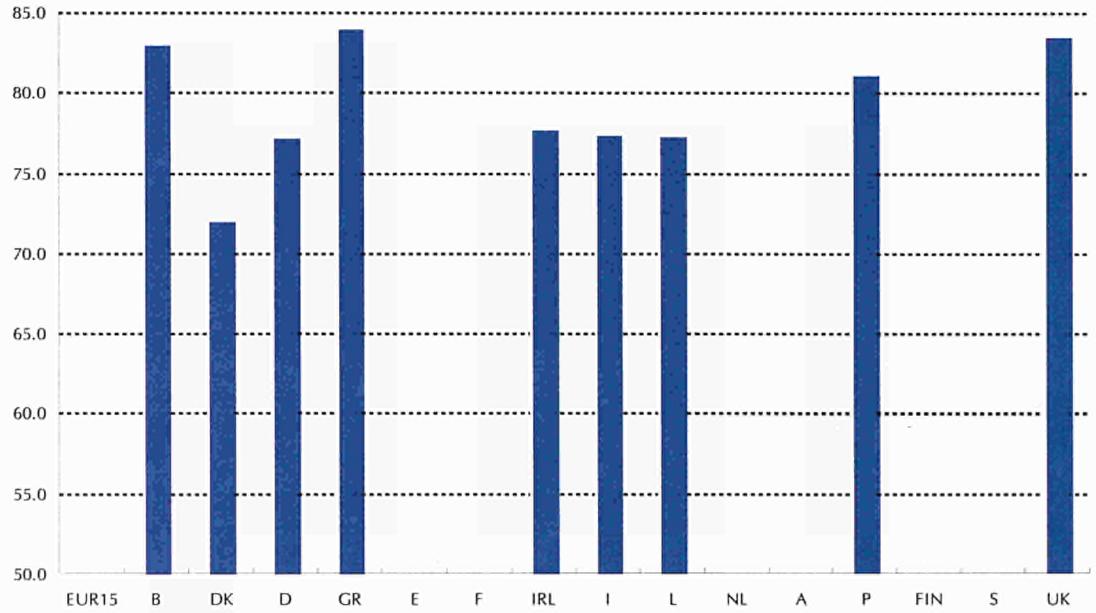


FIGURE 4.2.4

Capacity utilisation rates, first quarter 1996 (%)

SOURCE: DGII, BUSINESS SURVEY

TABLE 4.2.2

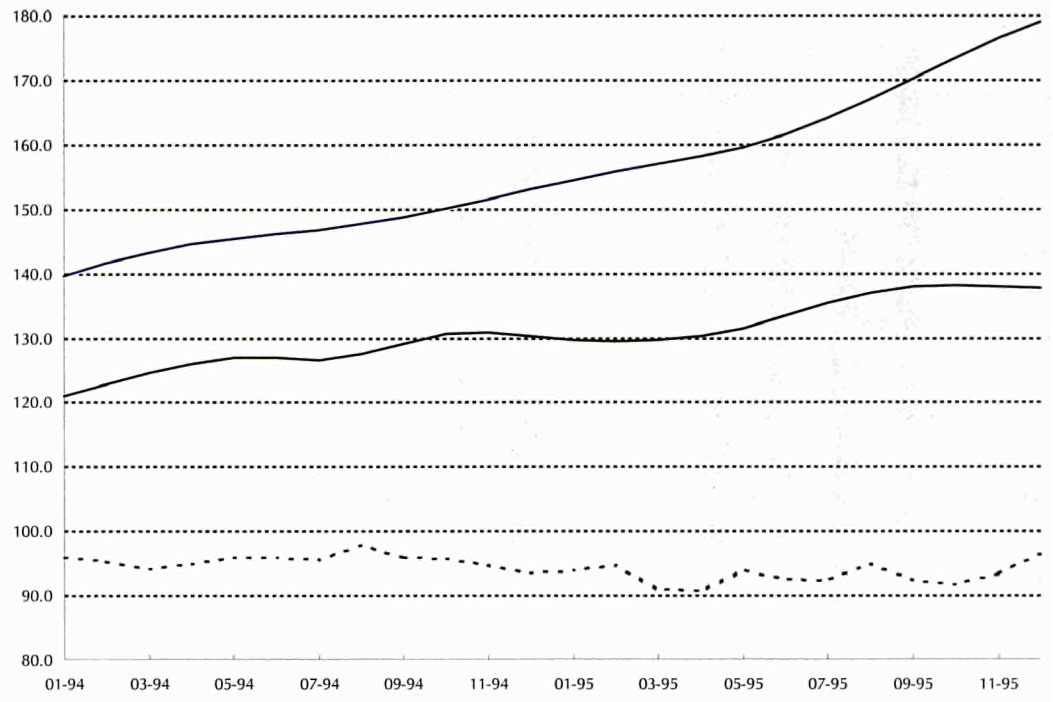
Capacity utilisation rates (%)

	Annual growth rate: latest quarter, t / t-4	Second quarter 1995	Third quarter 1995	Fourth quarter 1995	First quarter 1996
EUR15	2.3	81.8	82.2	82.5	N/A
B	-4.8	86.8	87.0	86.1	83.0
DK	-7.7	79.0	80.0	78.0	72.0
D	-5.6	82.2	82.4	80.5	77.2
GR	5.4	80.9	83.1	83.8	84.0
E	3.1	76.8	79.0	76.3	N/A
F	2.1	87.3	86.5	90.1	N/A
IRL	-12.5	87.2	78.6	86.5	77.7
I	-1.0	77.6	78.5	79.9	77.4
L	-3.9	86.1	86.5	87.8	77.3
NL	-2.1	87.0	90.4	90.0	N/A
A	N/A	N/A	N/A	N/A	N/A
P	-1.6	78.5	84.5	82.6	81.1
FIN	N/A	N/A	N/A	N/A	N/A
S	N/A	N/A	N/A	N/A	N/A
UK	0.1	85.4	83.8	80.7	83.5

SOURCE: DGII, BUSINESS SURVEY

FIGURE 4.2.5

Trade indicators, trend cycle
(%)



SOURCE: eurostat

TABLE 4.2.3

Three month on three month growth rates for trade indicators, in ECU terms
(%)

	Latest quarter available			Exports Value	Exports Volume	Imports Value	Imports Volume	Terms of trade
EUR15	10-95	⇨	12-95	0.2	-2.5	7.7	6.9	0.7
B / L	09-95	⇨	11-95	1.0	1.7	-1.1	-2.8	-1.4
DK	10-95	⇨	12-95	-6.3	-6.5	-2.9	-2.0	-1.2
D	10-95	⇨	12-95	-1.7	-3.0	-4.8	-4.9	1.9
GR	09-95	⇨	11-95	-2.8	-1.1	50.9	71.6	4.7
E	10-95	⇨	12-95	1.0	-0.2	7.1	7.5	-0.3
F	10-95	⇨	12-95	2.1	1.7	-2.5	-3.5	-0.2
IRL	08-95	⇨	10-95	-1.7	-0.1	2.0	0.0	-7.4
I	10-95	⇨	12-95	0.2	-5.0	2.0	-0.7	1.6
NL	10-95	⇨	12-95	-1.0	-1.7	-2.4	-5.2	-3.1
A		⇨		N/A	N/A	N/A	N/A	N/A
P	10-95	⇨	12-95	1.1	0.3	23.9	14.4	-3.5
FIN		⇨		N/A	N/A	N/A	N/A	N/A
S		⇨		N/A	N/A	N/A	N/A	N/A
UK	10-95	⇨	12-95	1.9	-0.2	-3.0	0.3	4.0

SOURCE: eurostat

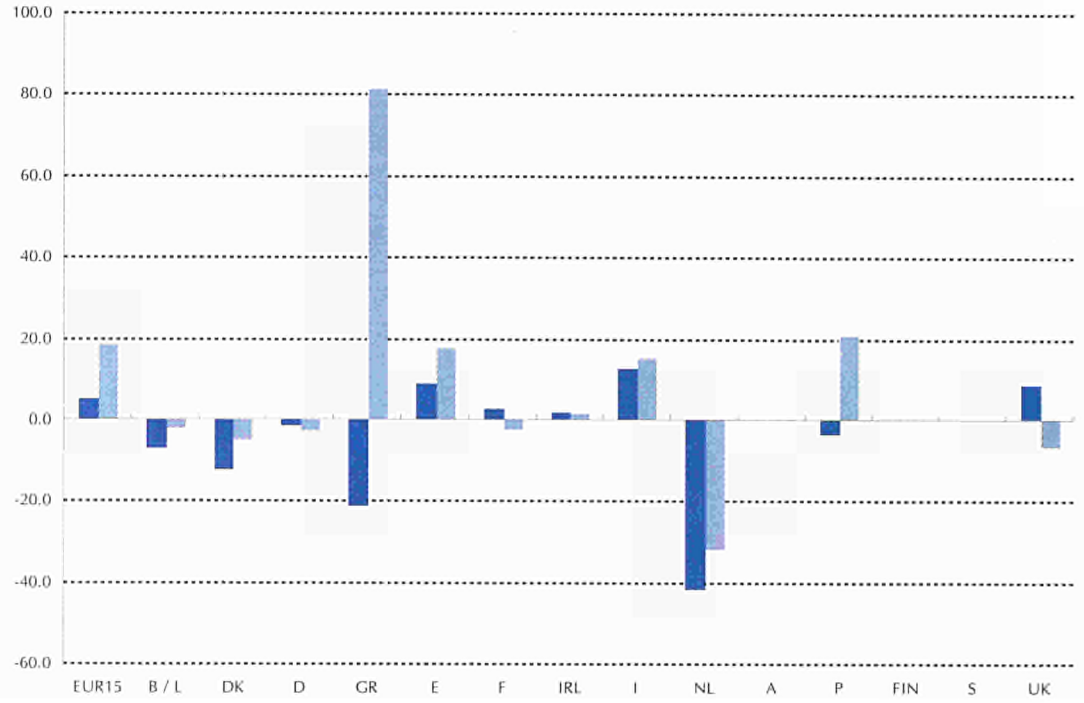


FIGURE 4.2.6

Year on year growth rates for trade indicators, based on changes from the corresponding quarter of the previous year, in ECU terms (%)

SOURCE: eurostat

	Latest quarter available			Exports Value	Exports Volume	Imports Value	Imports Volume	Terms of trade
EUR15	10-95	⇨	12-95	4.8	1.4	18.4	14.4	-0.8
B / L	09-95	⇨	11-95	-7.2	-9.8	-2.3	-4.8	1.0
DK	10-95	⇨	12-95	-12.5	-12.5	-5.0	-3.9	0.3
D	10-95	⇨	12-95	-1.7	-4.2	-2.8	-4.8	1.3
GR	09-95	⇨	11-95	-21.6	-32.6	81.0	69.5	-0.4
E	10-95	⇨	12-95	8.7	1.8	17.5	11.0	-0.5
F	10-95	⇨	12-95	2.5	-0.5	-2.4	-6.8	-1.4
IRL	08-95	⇨	10-95	1.4	-10.0	1.2	5.5	14.5
I	10-95	⇨	12-95	12.5	3.4	14.8	-0.3	-7.2
NL	10-95	⇨	12-95	-42.1	-47.3	-32.1	-34.8	2.9
A		⇨		N/A	N/A	N/A	N/A	N/A
P	10-95	⇨	12-95	-3.9	-6.3	20.4	13.6	-2.2
FIN		⇨		N/A	N/A	N/A	N/A	N/A
S		⇨		N/A	N/A	N/A	N/A	N/A
UK	10-95	⇨	12-95	8.2	-2.0	-6.8	-13.9	0.7

TABLE 4.2.4

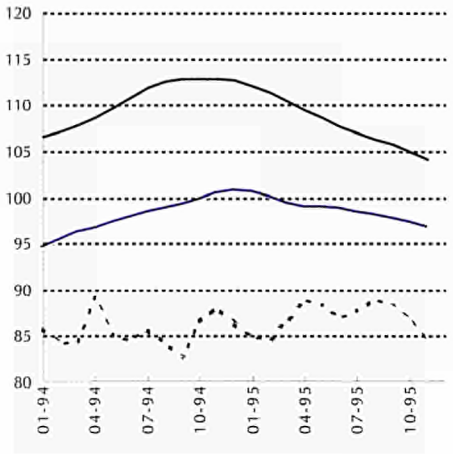
Year on year growth rates for trade indicators, based on changes from the corresponding quarter of the previous year, in ECU terms (%)

SOURCE: eurostat

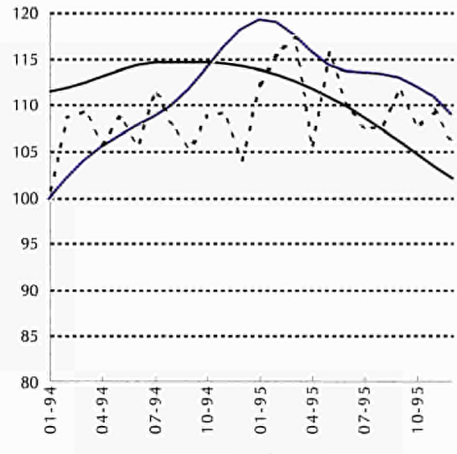
FIGURE 4.2.7

Trade indicators, trend cycle (1990 = 100)

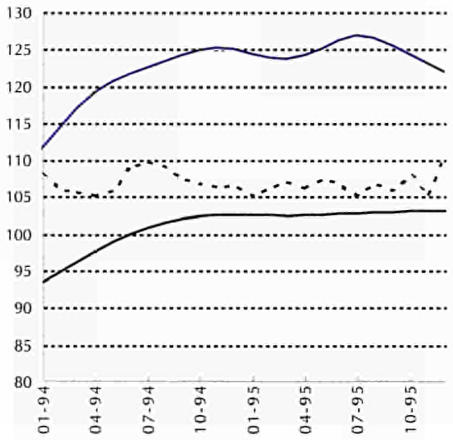
BELGIQUE/BELGIË, LUXEMBOURG



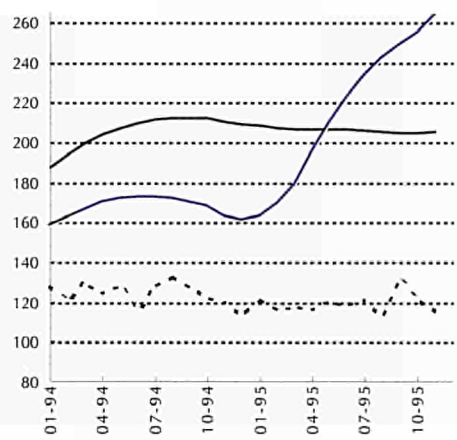
DANMARK



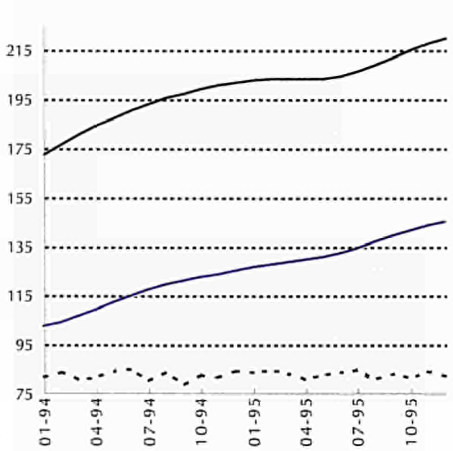
DEUTSCHLAND



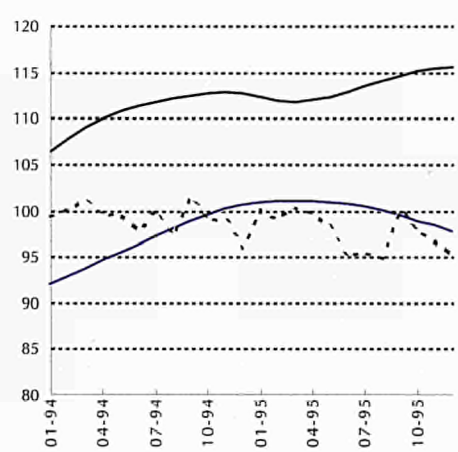
ELLADA



ESPAÑA



FRANCE



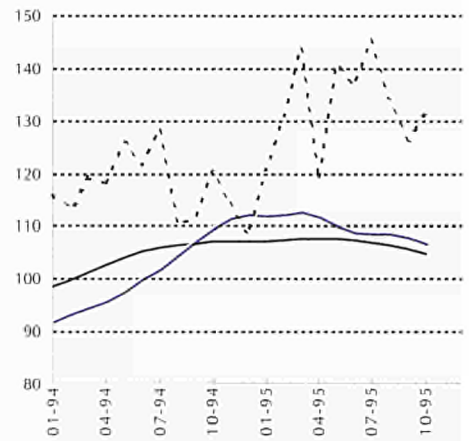
Export value

Import value

Terms of trade

SOURCE: eurostat

IRELAND



ITALIA

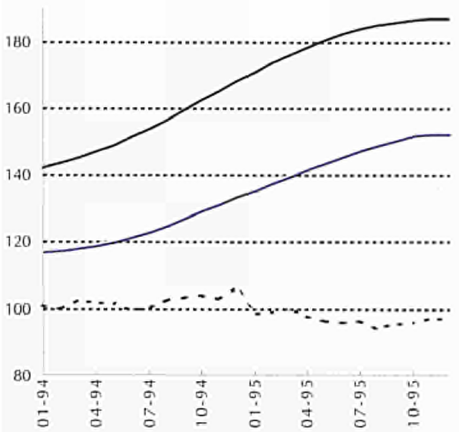
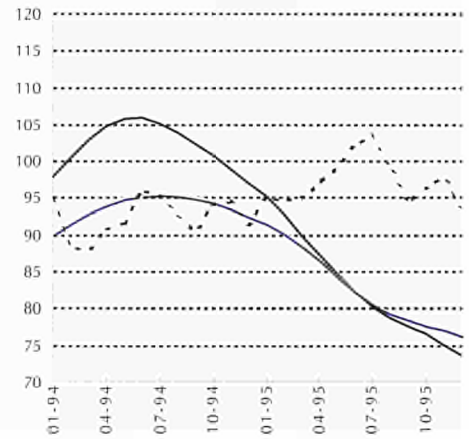


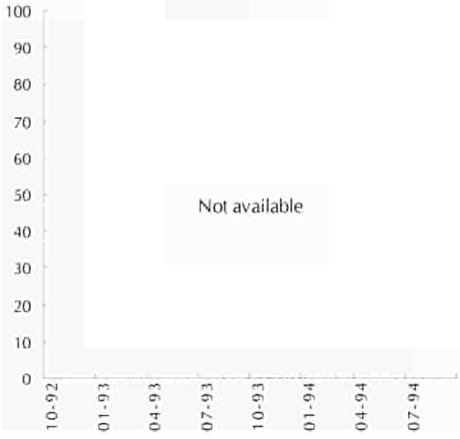
FIGURE 4.2.7

Trade indicators, trend cycle (1990 = 100)

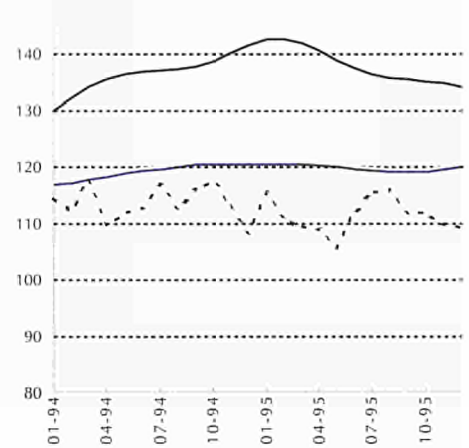
NEDERLAND



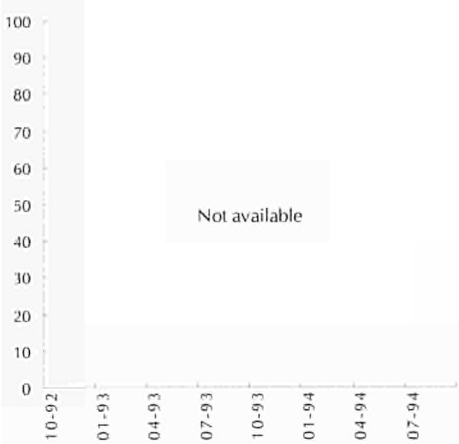
ÖSTERREICH



PORTUGAL



SUOMI/FINLAND



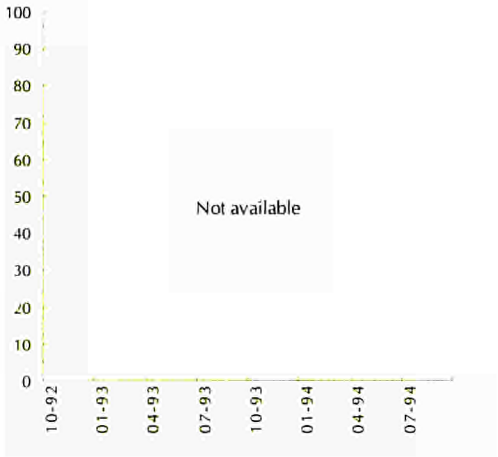
Export value
Import value
Terms of trade

SOURCE: eurostat

FIGURE 4.2.7

Trade indicators, trend cycle (1990 = 100)

SVERIGE



Not available

UNITED KINGDOM

Export value

Import value

Terms of trade

SOURCE: eurostat

Industry Classification System

The economic activities used in this publication are defined in the revised Classification of Economic Activities within the European Communities, Nace Rev.1. This classification was laid down in a Council Regulation in 1990 (OJ L293 24th October 1990). It should be noted that many series before 1990 and a large amount of annual data even between 1990 and now had to be converted from the old classification Nace 1970. This estimation process can reduce the reliability of the data. Broad industrial groups that are used in Section 2 of this publication have the following definitions in terms of NACE Rev.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 harmonised data supplied to Eurostat by the EU 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, 4-6, Route de Trèves, L-2633, Senningerberg, Luxembourg;
tel: (352) 34 10 40 01.

3) The data 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 EUR15 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.

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 and secondly by seasonal adjustment with TRAMO / SEATS - the adjustment also takes account of one-off fluctuations.

The index of producer prices shows (in national currencies) the 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. There are not yet indices for Austria. No seasonal adjustment is carried out on these indices.

For the indices of imports and exports, external trade data of 9000 industrial products were grouped according to the industrial NACE Rev.1 branch to which they belong. This grouping can cause certain inaccuracies in the data, which may reduce the reliability of foreign trade series. The value indices are all in ECU terms.

The indices for the EU refer only to extra-community trade, the indices for Member States reflect also intra-Community trade.

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

GROWTH RATES

The changes which are given in the tables show two different growth rates. The first being for the latest three months data compared to the previous three months data - here a seasonally adjusted series is used. The second growth rate is for the latest three months data compared to the same three months of the previous year - here a series only adjusted for the number of working days is used. Estimates are sometimes made (especially to create a EUR15 total).

GRAPHS

The graphs show the trend cycle, i.e. seasonally adjusted series where additionally the irregular fluctuations have be excluded (using the program TRAMO / SEATS).

STRUCTURAL DATA

Data for structural statistics are in current ECU unless otherwise stated.

Data for value added at factor cost, production, labour costs and employment come from annual enquiries conducted by Member States involving all enterprises with 20 or more employees. The exceptions to this are Spain and Portugal (up to 1990) where the coverage is for local units of all sizes.

The employment data relates to the number of persons employed excluding home workers. The definitions are standardised 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 hence the figures under-report the actual values. In certain industries this may be a serious problem in the interpretation of series, especially when comparing with other industries.

Gaps in Eurostat's data have been filled by estimates supplied by DEBA GEIE and by Eurostat for the three new Member States. Thus EUR15 totals often contain estimates for missing countries. Estimates are again shown in bold.

SIGNS AND ABBREVIATIONS

EUR15: European union of 15
EUR12: European union of 12
B / L: Belgo-Luxembourg Economic Union
ECU: European currency unit
Billion: thousand million
N/A: not available
%: percent
1990 = 100: reference year

The Eurostat database on competitiveness indicators was first presented in the Panorama Short-term Supplement issue 2 of this year. It includes a multitude of different indicators constructed for the analysis of competitive strength of industrial sectors for most OECD Member States for the period 1980-1994 (for some indicators to 1995). The eclectic approach taken in the choice of indicators, as was noted in the introductory article, stems from the fact that there is no generally accepted definition of competitive strength. A prominent place in the data-base is taken by the single and double weighted indicators. They embody a method by which one can compare many countries' industries simultaneously according to a chosen definition of competitiveness. This and their relatively complicated mathematical derivation merit an extensive treatment. The remainder of this article is divided as follows. First of all, a short digression is made into the concept of competitiveness and the background to the range of indicators provided in the database. This was first set forth in the previous article. Secondly, the mathematical derivation of the indicators is presented together with the concepts which lie at their base. In the third and fourth sections, two examples are given of the single and double weighted indicators in the context of competitiveness analysis. A short conclusion reiterates the main points.

Multi-country comparisons show European industry competitiveness rose between 1990 and 1994

A SHORT DIGRESSION ON THE NATURE OF COMPETITIVENESS

One approach for tackling the measurement of competitiveness, possibly the most straight forward, is to look at performance. For a product or enterprise, the ultimate question comes down to the survival of that product or enterprise in the competitive environment of a market. At the sectoral level, the performance of an industry manifests itself in the survival of the industry itself. On all three levels (product, enterprise and industry), performance can be measured by indicators such as market share, cover ratio, import penetration, and industry specialisation rate. These, however, reveal only the outcome of the competitive process - the process itself remains hidden. In order to provide an explanation for apparent success or failure, this 'black box' approach has to be supplemented by one which allows the identification of the relevant factors behind the outcome. For this, economic theory supplies a whole range of variables, all related to the concept of efficiency. The most often used are labour productivity, various measures of unit costs and of course prices. Both performance and efficiency measures give an indication from a sector specific viewpoint. At the level of the national economy as a whole, general factors such as the composition of the labour force by educational attainment and the level of development of the infrastructure count. Although defined at a macro-economic level, these general factors influence competitiveness at the lower levels of aggregation (sectoral and enterprise).

IN THIS SECTION:

THE NATURE OF COMPETITIVENESS 73
THE MECHANICS OF THE SINGLE AND DOUBLE WEIGHTED INDICATORS 74
USE OF SINGLE WEIGHTED INDICATORS IN THE ANALYSIS 79
USE OF DOUBLE WEIGHTED INDICATORS IN THE ANALYSIS 88
CONCLUSION 95

An important group of sector specific indicators in the data-base consists of indicators which show one of the possible factors behind the success or failure of an industry by comparing the development in a measure of competitiveness (productivity, costs or prices) relative to each of its competitors. Due to the mathematical formulas used, they have been coined the "single weighted" and "double weighted" indicators.

THE MECHANICS OF THE SINGLE AND DOUBLE WEIGHTED INDICATORS

The single and double weighted indicators were conceived as a way to compare competitive strength of countries' industries in the global environment. Many indicators used traditionally compare competitiveness of just two countries' industries, thereby simplifying the problem to a question of a two-player, zero-sum game. In using these kind of indicators, it is essentially measures of (the change in) competitive strength that are being compared. For example, if labour productivity in an industry in two countries differs, the country with the lowest is (according to the indicator that compares the two) the less competitive. The question is one of a simple win or loose situation. In the same way, if the country with the lowest level of labour productivity 'manages' to raise that level over time to one closer to that of the other country, its competitive strength has improved - it has won, but now in relative terms. For such a one-to-one comparison, results seem clear-cut: a country's industry has either won or it has lost.

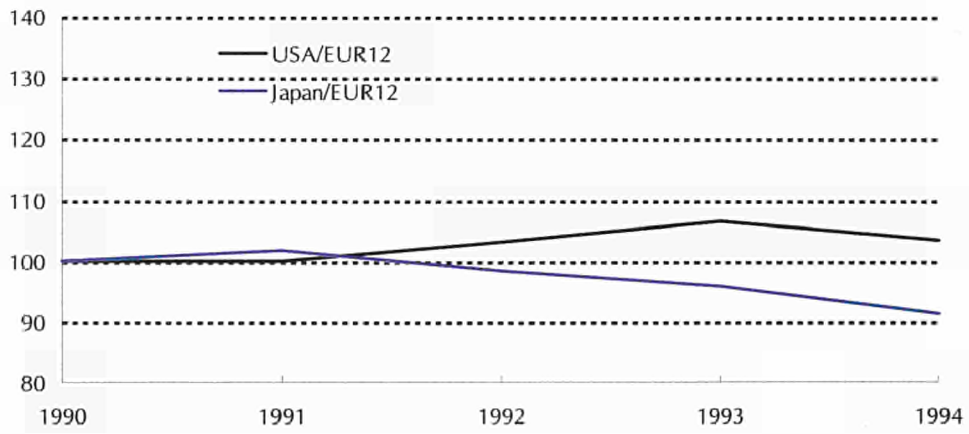
One way to make the first kind of comparison is to put the countries' labour productivity, or any other measure, in a common currency and to divide one by the other. If the ratio is larger than 1, the country in the numerator wins. If it is lower than 1, the country in the denominator wins. In the actual data-base, the comparison of levels of measures of competitiveness was not pursued since this brought with it as yet unsolvable problems believed to be too important to ignore. As the most important, there is the unavailability of statistics by product which precludes a correction for differences in product mix between industries. Concurrently, purchasing power or unit value comparisons were also impossible. The indicators used here are thus all based on changes in the measures of competitiveness in the form of indices.

This bring us automatically to a practical solution for the second comparison. For this, the countries' measures valued in a common currency are transformed into indices and divided by each other as in equation (1).

$$(1)\quad I_i = \frac{IN_j}{IN_i} \cdot 100$$

Here IN represents the index of a certain measure of competitiveness in a common currency and i and j represent two different countries. Subscripts for sectors and years have been left out for reasons of readability. When this ratio goes up or down, competitive strength is gained or lost, depending on the measure used. In the labour productivity example, the ratio decreases when labour productivity of the country in the denominator grows faster than that of its competitor. When the measure chosen to make the comparison is unit costs, competitive strength improves if the same ratio increases. Figures 5.1 and 5.2 present these cases for EUR12 compared to the USA and to Japan from 1990 onwards.

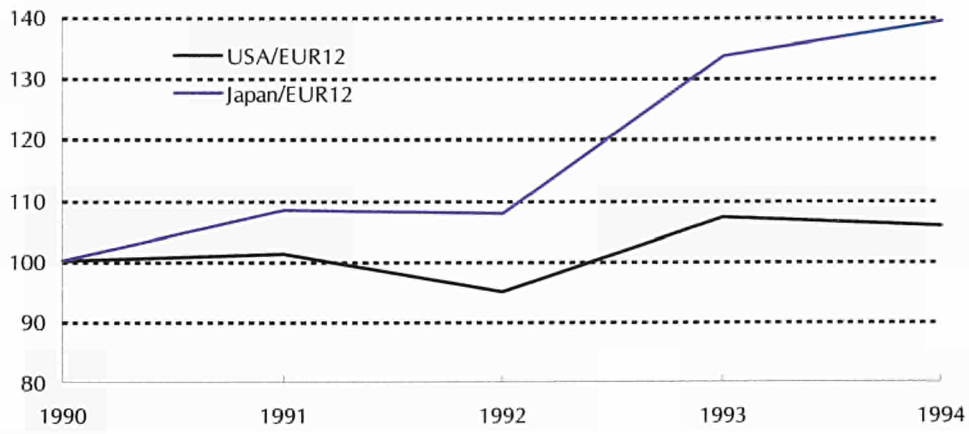
FIGURE 5.1



Development of EUR12 labour productivity relative to the USA and Japan (1990=100)

SOURCE: DEBA GEIE

FIGURE 5.2



Development of EUR12 intermediate unit costs relative to the USA and Japan (1990=100)

SOURCE: DEBA GEIE

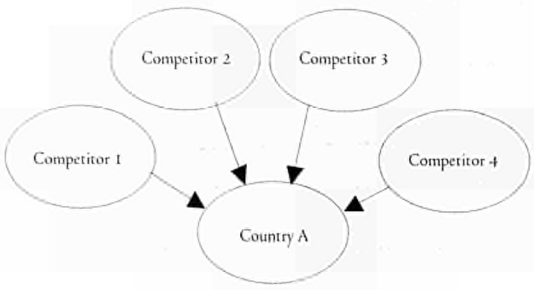
When one considers all of a country's competitors together in this way, a conclusion is hard to arrive at. A country may have gained competitive strength when compared to one competitor, but at the same time may have lost to another competitor. In order to take this into account, it is necessary to add up all the wins and losses in one way or another. In fact, one needs to construct an index for all competitors as a whole with which to compare that of the country under inspection. An elegant way to do this is to weight the individual competitors' indices, while maintaining the convenient properties of the indices. A simple or weighted arithmetic average is therefore not appropriate, since it does not preserve the growth rates embodied in the indices. Geometric averages are better suited for this purpose. The question remains, though, how to weight the competitors. It is obvious that some competitors are more important than others. Also, for the country whose competitive strength is considered, some markets on which it competes are more important than others.

Often the most important market on which an industry competes is its domestic market. For this case, a separate set of indicators was created which uses only a single set of weights - one weight for each competitor. They measure competitiveness on the domestic market as distinct from competitiveness on foreign (read: export) markets, for which two sets of weights are needed to construct the indicators, as will be shown later. The structure of the single weighted indicators is very much the same as the double weighted and as such they serve well as an introduction for the latter. (There are plans to integrate the single weighted domestic market indicators with the double weighted export market indicators. However, due to the limited availability of data on production for certain countries, this has not yet been possible.)

For an industry in country A, there are as many possible comparisons of competitive strength to be made as there are competitors. The number of comparisons thus equals the number of countries from which country A imports the same products as made by the industry in country A itself. For an idealised representation of this case, see figure 5.3. An obvious candidate for the weights with which to calculate the average index over competitors is therefore their market share in country A. The weights, when summed over competitors, need to add up to 1 so that the average index of the competitors retains its value of 100 in the base year. For this reason the market shares are calculated excluding the share of the domestic industry, or simply, as the shares in the total of imports. From the competitor's point of view this is equal to the share of its exports in the total exports of all partner countries to the country in question. The market shares of the competitors are given in equation (2).

FIGURE 5.3

Diagram of the situation for the single weighted indicators



SOURCE: eurostat

$$(2)\quad u_{c,i} = \frac{X_{c,i}}{\sum_{c=1}^{C} X_{c,i}} = \frac{X_{c,i}}{X_i}$$

where u stands for the weight, c stands for competitor (of which there are C in total), i for the country for which the indicator is being calculated, X for exports from competitor c to country i and Σ is the symbol for summation. The competitors' indices are then averaged by putting them to

the power of their market share in exports to country i and multiplying them with each other as in equation (3).

$$(3)\quad IN_C = \prod_{c=1}^{C} IN_c^{u_{c,i}}$$

where IN again represents the index of a certain measure of competitive strength in a common currency and π is the symbol for multiplication. The average index over competitors IN_C is then compared to the index of the domestic industry IN_i as in equation (4).

$$(4)\quad I_i = \frac{IN_C}{IN_i} \cdot 100$$

This index now represents the development of competitive strength of country i compared to all the competitors that export to its domestic market simultaneously. Nevertheless, indicator (4) conveniently has exactly the same mathematical structure as the two country case of equation (1), which greatly simplifies its interpretation. In short, it can be described as an index of the comparison of some measure of competitiveness of a country with the trade weighted average of the same measure of its competitors.

The weights for the indicator of competitive strength on export markets are constructed in a very similar way as for the domestic case. In order to avoid confusion, the distinction will be made from now on between a 'country' and a 'market'. With 'country', the home country of the industry of which the competitive strength is under inspection is meant. With 'market' the country of destination is meant to which the 'country' exports the products of the industry and where it competes. The diagram for the case with only one market is given in figure 5.4.

FIGURE 5.4

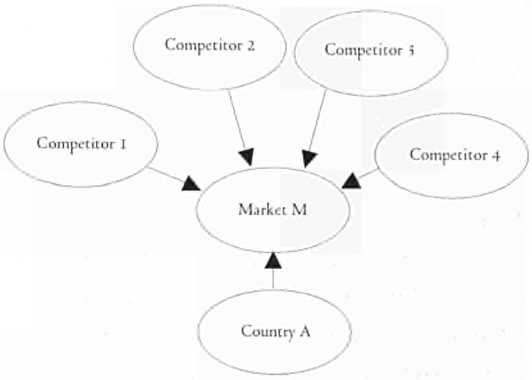


Diagram of the situation for the double weighted indicators

SOURCE: eurostat

Here, two sets of weights are needed in order to compare the competitive strength of a country's industry to that of its competitors: one set to measure the importance of each export market and another set to measure the importance of each competitor on each of the export markets. For the latter, the share in exports to a market is considered, though now not only excluding the market share of the indigenous industry of market M (for which the market is the domestic market) but also excluding the exports of the country under inspection. As such, the first set of weights, one weight for each competitor on each market is defined as in equation (5).

$$(5)\quad w_{c,m} = \frac{X_{c,m}}{\sum_{c=1}^{C} X_{c,m}}$$

where w represents the weight, c again stands for competitor (C in number), m stands for market and X stands for exports from competitor c to market m. In other words, this set of weights represents the importance of each competitors' exports (read: market share) on each of the export markets. The second set of weights represents the share of exports from the country under analysis to the individual markets, of which there are M, in the total exports of the country investigated, as shown in equation (6).

$$(6)\quad v_{i,m} = \frac{X_{i,m}}{\sum_{m=1}^{M} X_{i,m}}$$

Both weights were calculated using the average trade flows over 1990-92 and were held constant over the whole range of years for which the indicators were computed. The comparison of competitive strength can now be put together in an methodically intuitive but mathematically equivocal way. As with the domestic market indicators, the relative competitive strength of a country is shown as the ratio of the weighted geometric average of the indices of its competitors and its own index on a market m.

$$(7)\quad \frac{\prod_{c=1}^{C} IN_c^{w_{c,m}}}{IN_i} \cdot 100$$

The symbols in equation (7) have the same meaning as before.

At this stage, there are as many ratios as there are markets. So, as a final step, the ratios by export market need to be combined into one indicator. This is done by using the second set of weights for the construction of a geometric weighted average of the ratios by market as in equation (8).

$$(8)\quad I_i = \prod_{m=1}^{M} \left(\frac{\prod_{c=1}^{C} IN_c^{w_{c,m}}}{IN_i} \cdot 100 \right)^{v_{i,m}}$$

This unwieldy formula can be simplified by a very convenient mathematical property of powers. Through the distributive property, the weights v can be carried to inside the parentheses, resulting in equation (9).

$$(9)\quad I_i = \left(\frac{\prod_{m=1}^{M} \prod_{c=1}^{C} IN_c^{w_{c,m} v_{i,m}}}{\prod_{m=1}^{M} IN_i^{v_{i,m}}} \right) \cdot \prod_{m=1}^{M} 100^{v_{i,m}}$$

As both sets of weights (w and v) sum to 1, and so does their product, the entire calculation can be greatly facilitated by further simplifying equation (9), finally ending up with (10).

$$(10)\quad I_i = \frac{\prod_{m=1}^{M} \prod_{c=1}^{C} IN_c^{w_{c,m} v_{i,m}}}{IN_i} \cdot 100$$

Again, it becomes clear that the final form of this multi-competitor, multi-market indicator has the same basic structure as the simple one competitor case presented in equation (1).

THE USE OF SINGLE WEIGHTED INDICATORS IN THE ANALYSIS OF COMPETITIVENESS

As argued at the start of this article, the performance indicators alone just give a quantification of the results in differences in competitiveness in terms of market shares and industry specialisation rates. Because they do not show the causal factors behind these results they need to be supplemented by additional indicators. Included in the database are therefore the single and double weighted indicators (as well as a whole range of others) which represent underlying trends in prices, costs and productivity. Although they cannot portray the importance of quality, the efficiency of distribution systems and other marketing instruments, they do give an insight into some of the most important factors in the process of competition. In order to show their usefulness, this section presents one example of the many possible lines of analysis using the single weighted indicators. The next section will show a similar example for the double weighted indicators.

The question addressed here centres on the explanation of the change in the market share of EUR12 industry in its own market. This kind of development can be investigated using the share of the domestic market, indicator 2016, or the import penetration rate, indicator 2046. These two indicators represent two sides of the same coin, as they sum to 100 per cent by definition. Here, indicator 2046, the import penetration rate, was chosen. The development of the indicator is depicted in figures 5.7 to 5.12 for the two digit Nace 1970 sectors from 1990 onwards for EUR12. The series in these figures show that the import penetration rate increased in all sectors. Even in those sectors in which the European Union was relatively self-sufficient (the sectors with an import penetration rate lower than 10% in 1990, food, drink and tobacco, non-metallic mineral products, metal articles and rubber and plastics) the rate sometimes increased substantially.

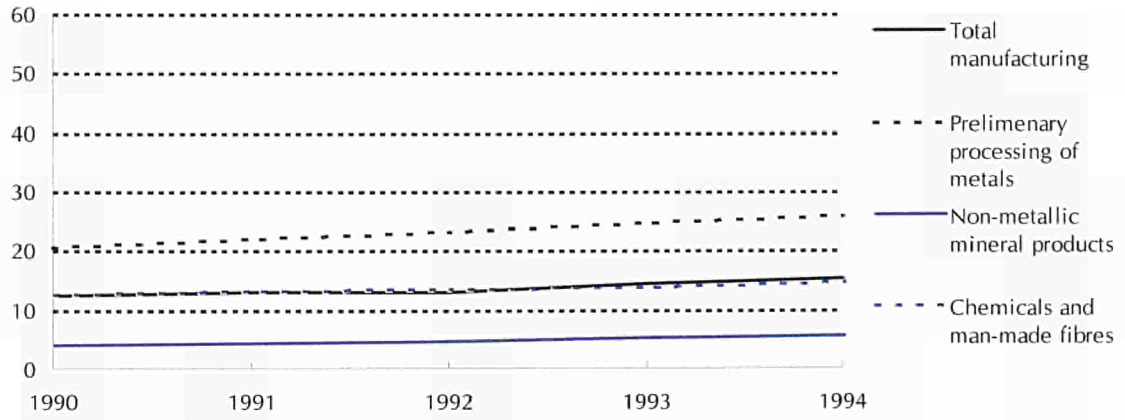


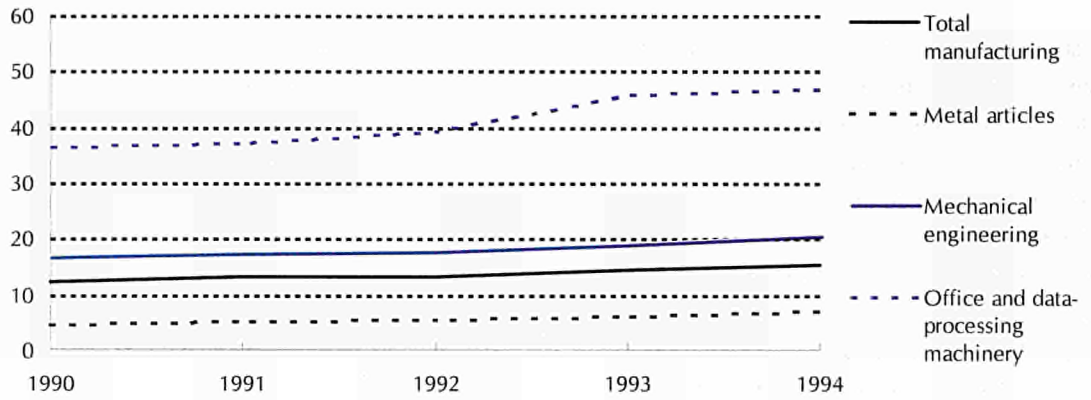
FIGURE 5.5

Import penetration rates for selected sectors, EUR12
(%)

SOURCE: eurostat

FIGURE 5.6

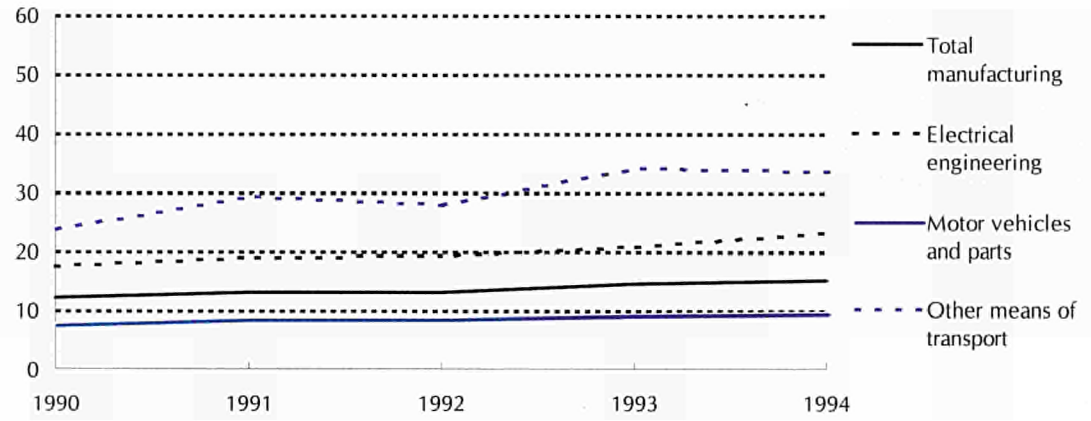
Import penetration rates for selected sectors, EUR12 (%)



SOURCE: eurostat

FIGURE 5.7

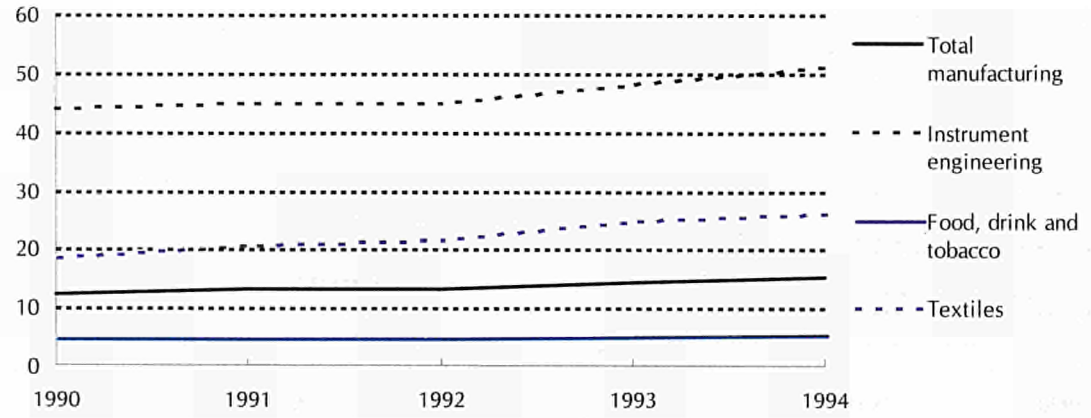
Import penetration rates for selected sectors, EUR12 (%)



SOURCE: eurostat

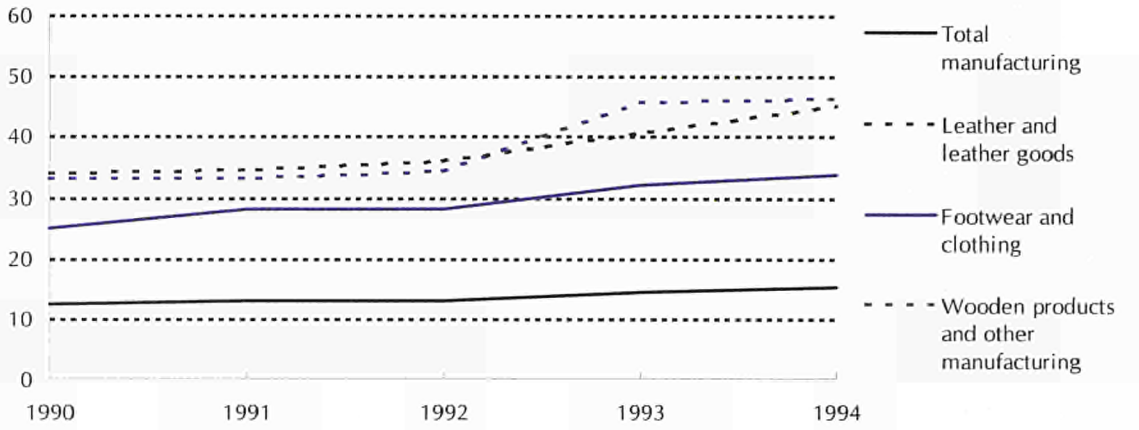
FIGURE 5.8

Import penetration rates for selected sectors, EUR12 (%)



SOURCE: eurostat

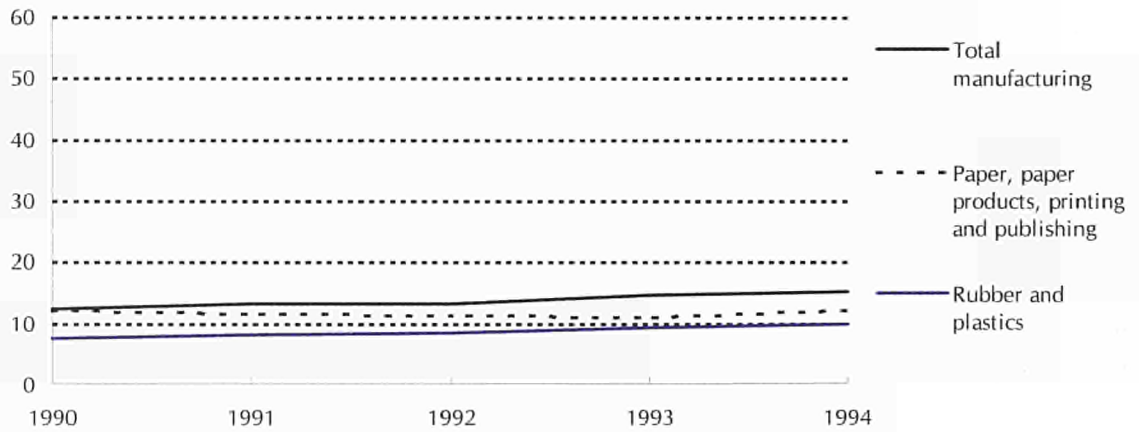
FIGURE 5.9



Import penetration rates for selected sectors, EUR12
(%)

SOURCE: eurostat

FIGURE 5.10



Import penetration rates for selected sectors, EUR12
(%)

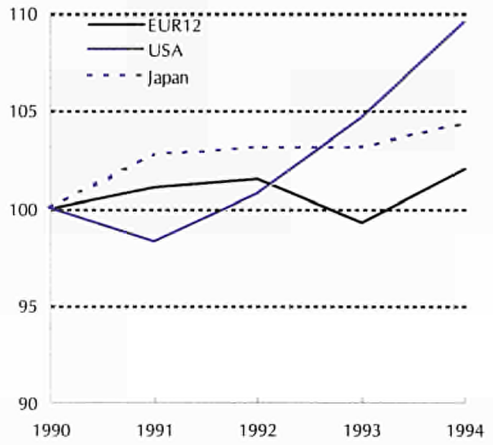
SOURCE: eurostat

The strategy of investigation into this increase in the import penetration rate across all industries, broadly follows that of Directorate General II's study on European competitiveness in the Triad, published in European Economy Annual Report for 1994. First, the income effects on imports will be investigated, then the price effects.

Income effects are caused by changes in final domestic demand in the trade partners and the country in question itself. In times of slow or negative economic growth, domestic demand can have a mitigating effect on imports and a stimulating effect on exports. In a situation like this, the trade balance should improve. When economic growth is high, the reverse may hold. Figure 5.11 shows the indices of final domestic demand in volume for EUR12, the USA and Japan, from 1990 to 1994. The graphs clearly show the recessions of 1991 in the USA and of 1993 in the European Union. After 1991, the stagnation in demand in Japan is also clear from the near horizontal track of the index. In any case, the growth in EUR12 demand throughout the period does not give an explanation for the rise in imports. Thus, the explanation might be found in price effects.

FIGURE 5.11

Final domestic demand, volume (1990=100)

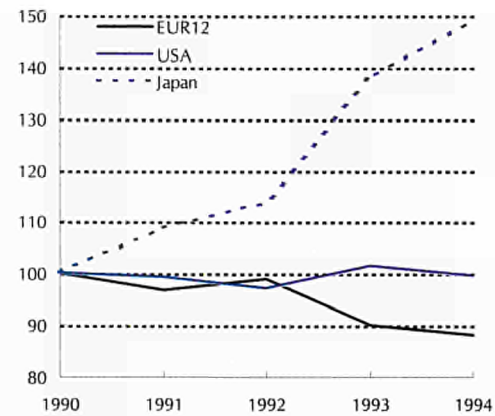


SOURCE: eurostat

Price effects are caused by changes in costs specific to a sector (e.g. labour costs, costs of goods and services bought from other sectors) and by economy-wide changes in the level of prices with regard to other countries, measured by the exchange rate. Figure 5.12 presents the trade weighted or effective exchange rates of EUR12, the USA and Japan for 1990-94 (indicator 2601 in the database). The graphs display the slight depreciation in the ECU whereas the US dollar maintained its 1990 value and the Japanese yen appreciated by a considerable amount after 1992. The depreciation of the ECU made exports cheaper and imports more expensive. Depending on how the volume of imports reacted, the depreciation of the ECU could provide an explanation for the increase in the import penetration rate. In fact, the volume of imports did drop in the recession year of 1993, but strongly rebounded afterwards accounting for some part in the increased share of the value of imports in EUR12 consumption. (This is known by economists as the J-curve effect.)

FIGURE 5.12

Effective exchange rate (1990=100)



SOURCE: DG II, EUROPEAN COMMISSION

Sector specific changes in prices are investigated here using two measures: labour productivity compared to the USA and Japan on import markets (indicator 2326) and unit intermediate costs compared to the USA and Japan on import markets (indicator 2506). Both measures are presented for each of the two digit Nace 1970 sectors in figures 5.13 to 5.18 and figures 5.19 to 5.24 respectively. With respect to the labour productivity measure, a higher index points to slower increases in the EUR12 compared to those in the USA and Japan. The reverse is of course true for a lower index. Changes in the indices over the 1990-94 period are given in table 5.1. From this table it appears that, for manufacturing as a whole, EUR12 labour productivity grew 4.1 per cent faster than the average of the American and Japanese labour productivities. This presented a competitive advantage for EUR12 industry with regard to imports in 1994 compared to 1990. The fact that the import penetration rates increased should therefore be explained otherwise. In addition, the correlation rate between the increase in import penetration rates and the labour productivity measures for the sectors of 0.15 (not statistically significant) indicates that there was no relation between the two during this period. The second measure, intermediate unit costs relative to the USA and Japan on import markets, did show a significant correlation with the import penetration rate (0.57 and significant at a level of 2%) but of the wrong sign. The data in table 5.1 shows that the EUR12 intermediate unit costs increased by less than those of the USA and of Japan, since for all sectors the ratio of the two increased. (The same conclusions were found for a closely related indicator, that of total unit costs, indicator code 2516.) This too should have given EUR12 a competitive advantage result-

ing in lower import penetration rates. It does however provide an explanation for the increase in another indicator (not treated here in detail), the index of price competitiveness on import markets (code 2611), which compares the EUR12 import price indices with its producer price indices by sector. The increase in import prices together with the depreciation of the ECU could lead to the conclusion already proposed in the investigation of the effective exchange rate: import prices increased relative to EUR12 prices (partly due to the depreciation of the ECU) but because the volume of imports did not decline by as much, the share of imports in the value of EUR12 consumption increased.

TABLE 5.1

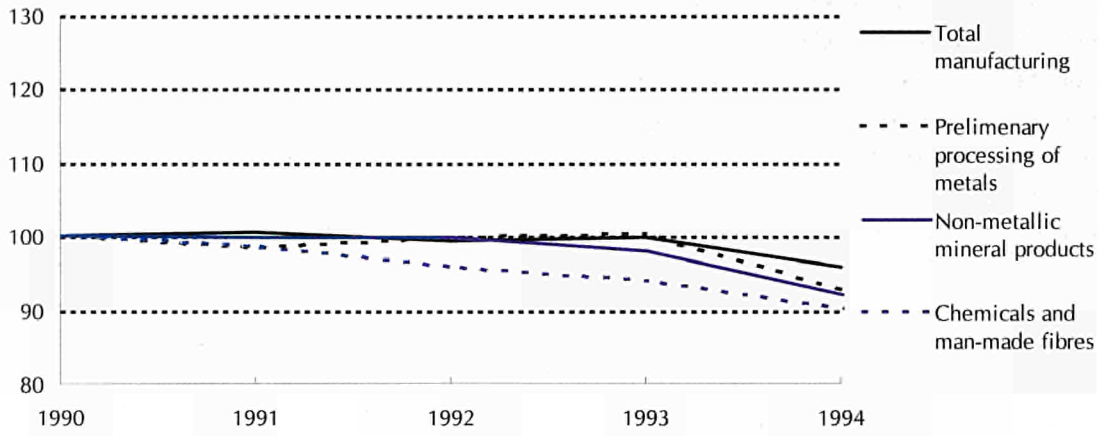
Changes in indicators of EUR12 competitiveness relative to import competitors (%)

	Change in import penetration, 1990-1994	Change in labour productivity, 1990-1994	Change in intermediate unit costs, 1990-1994
Total manufacturing	2.9	-4.1	18.0
Preliminary processing of metals	5.0	-7.2	14.5
Non-metallic mineral products	1.4	-8.0	16.5
Chemicals and man-made fibres	2.0	-9.9	17.5
Metal articles	2.3	2.0	14.4
Mechanical engineering	3.7	-4.6	15.8
Office and data-processing machinery	10.1	13.9	37.4
Electrical engineering	5.4	-0.5	22.1
Motor vehicles and parts	1.6	-10.8	30.2
Other means of transport	9.9	0.9	14.3
Instrument engineering	7.2	0.8	22.9
Food, drink and tobacco	0.4	-3.9	5.3
Textiles	7.6	-6.5	23.7
Leather and leather goods	11.0	-11.5	24.6
Footwear and clothing	8.8	-1.9	17.4
Wooden products and other manufacturing	13.1	-10.8	28.9
Paper, paper products, printing, publishing	0.2	-1.3	11.6
Rubber and plastics	2.2	-7.4	17.8

SOURCE: eurostat

FIGURE 5.13

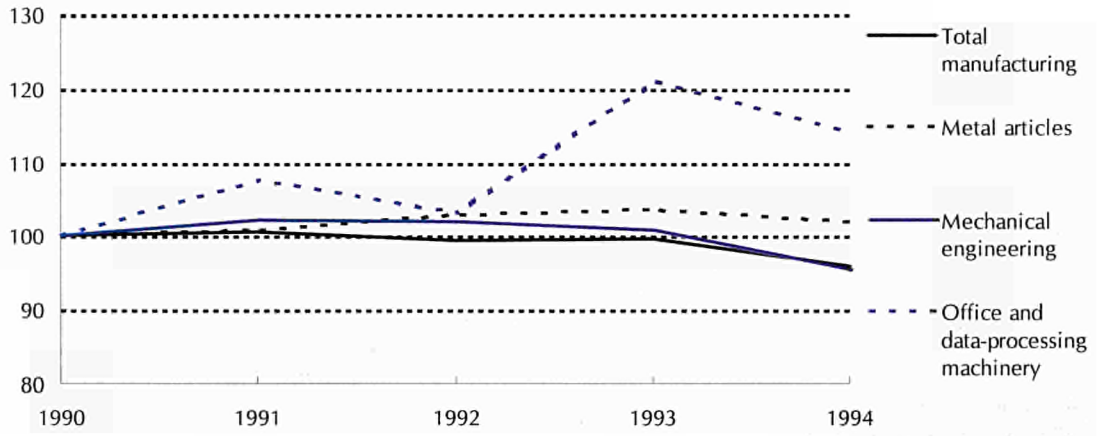
Labour productivity relative to import competitors for selected sectors, EUR12 (1990=100)



SOURCE: eurostat

FIGURE 5.14

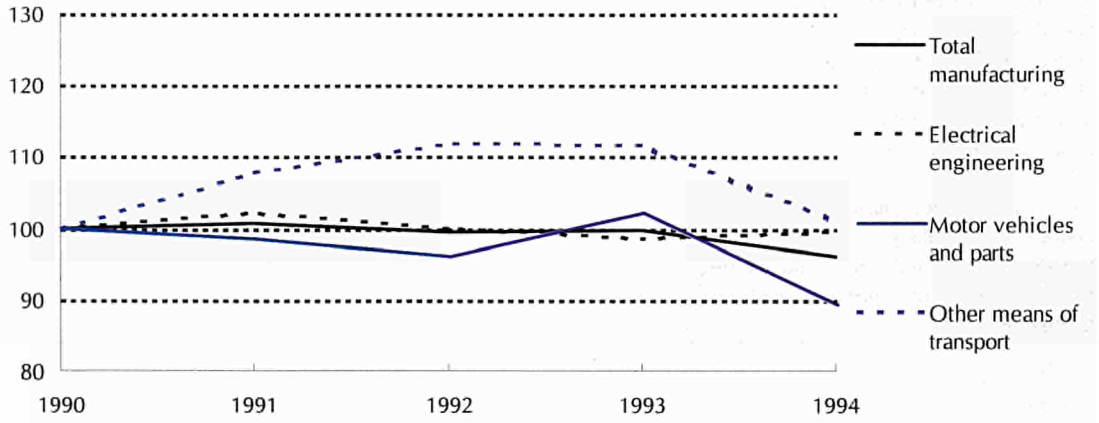
Labour productivity relative to import competitors for selected sectors, EUR12 (1990=100)



SOURCE: eurostat

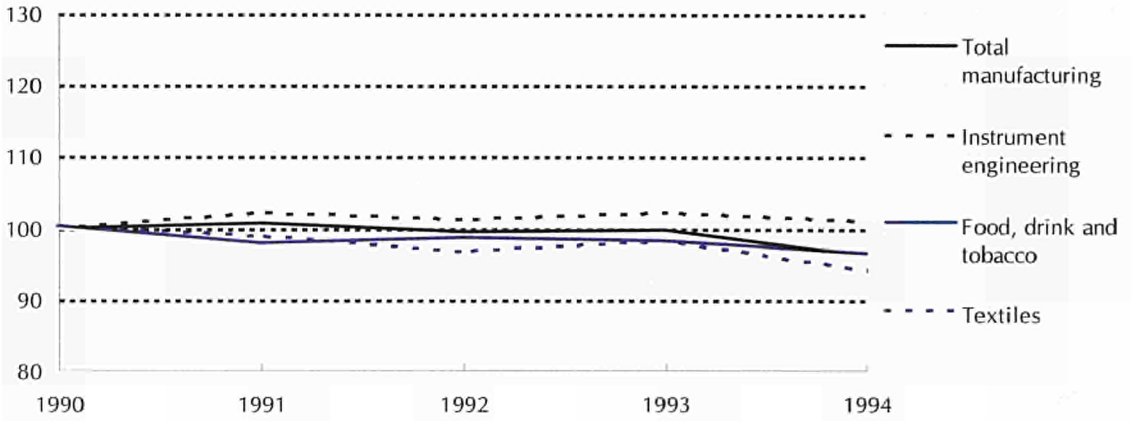
FIGURE 5.15

Labour productivity relative to import competitors for selected sectors, EUR12 (1990=100)



SOURCE: eurostat

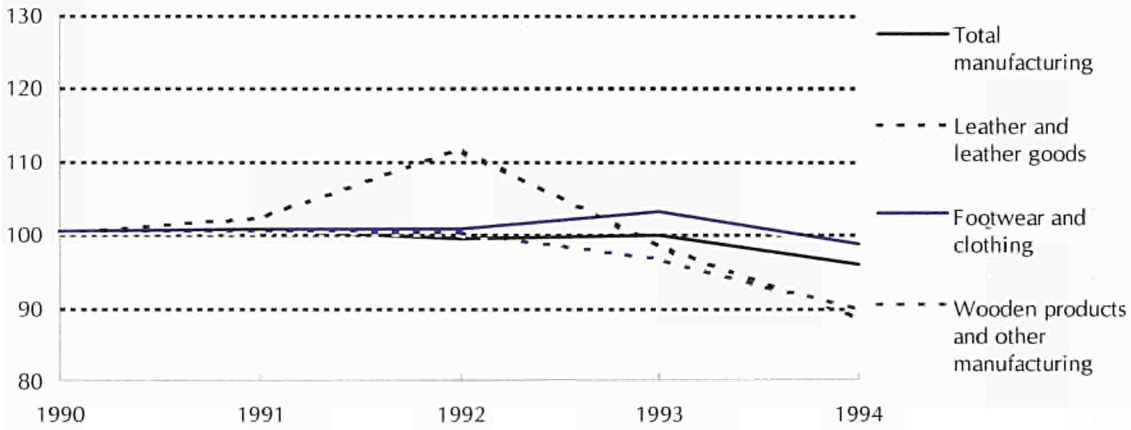
FIGURE 5.16



Labour productivity relative to import competitors for selected sectors, EUR12 (1990=100)

SOURCE: eurostat

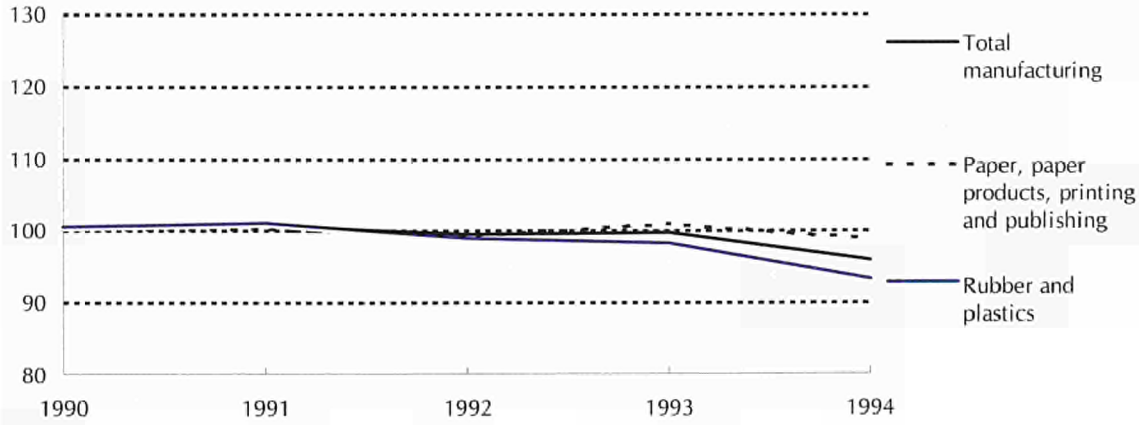
FIGURE 5.17



Labour productivity relative to import competitors for selected sectors, EUR12 (1990=100)

SOURCE: eurostat

FIGURE 5.18

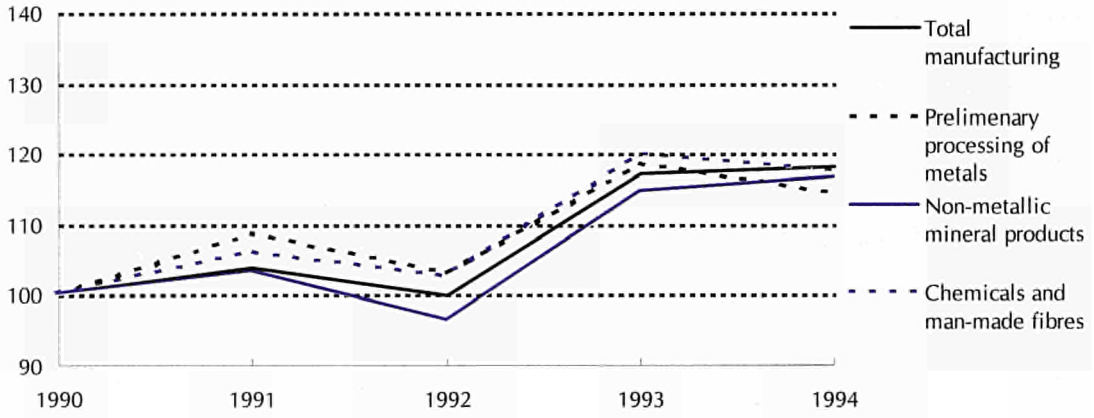


Labour productivity relative to import competitors for selected sectors, EUR12 (1990=100)

SOURCE: eurostat

FIGURE 5.19

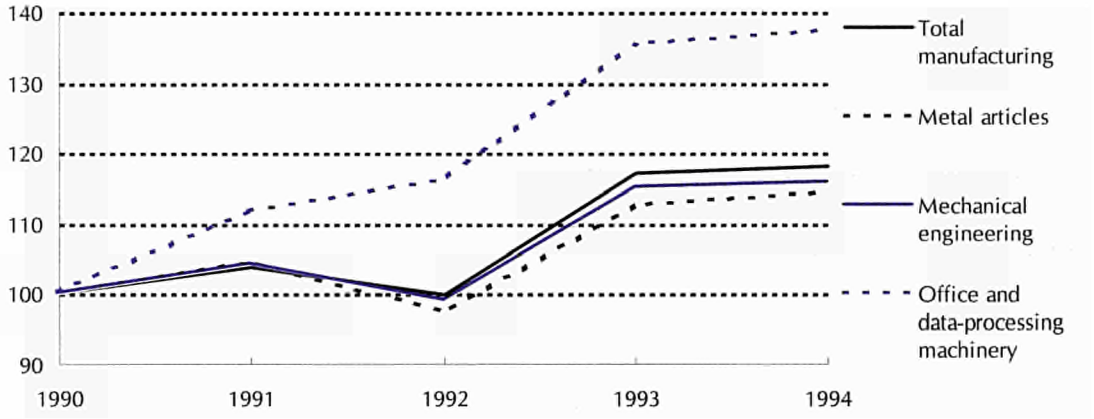
Intermediate unit costs relative to import competitors for selected sectors, EUR12 (1990=100)



SOURCE: eurostat

FIGURE 5.20

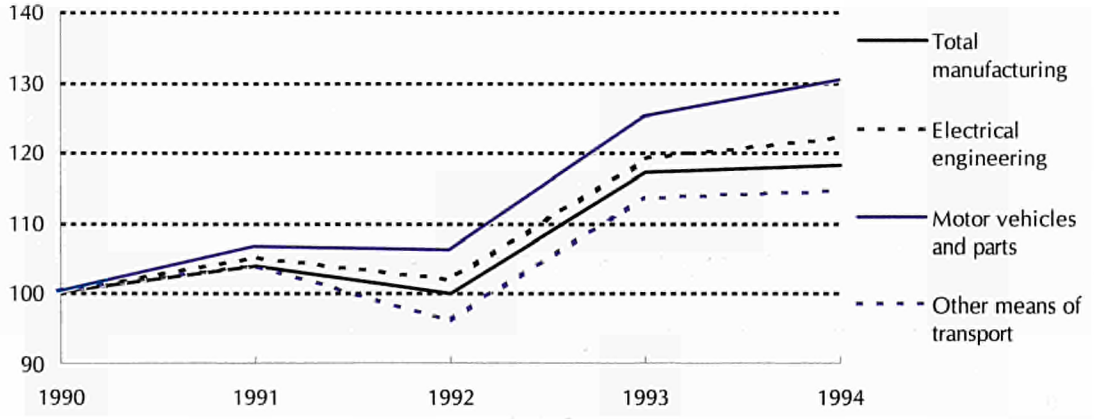
Intermediate unit costs relative to import competitors for selected sectors, EUR12 (1990=100)



SOURCE: eurostat

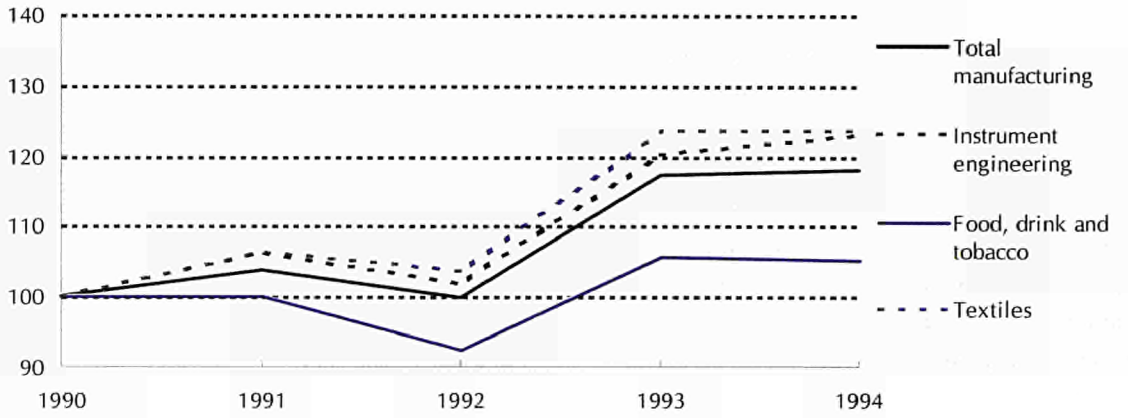
FIGURE 5.21

Intermediate unit costs relative to import competitors for selected sectors, EUR12 (1990=100)



SOURCE: eurostat

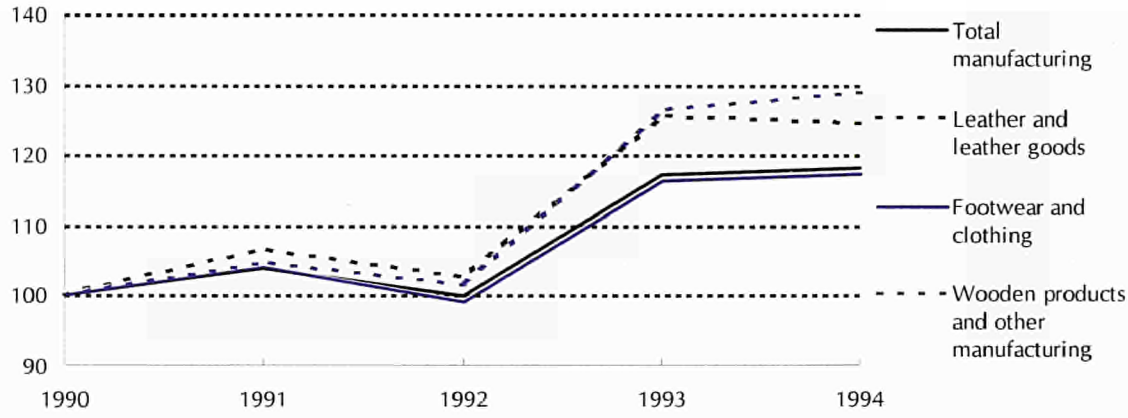
FIGURE 5.22



Intermediate unit costs relative to import competitors for selected sectors, EUR12 (1990=100)

SOURCE: eurostat

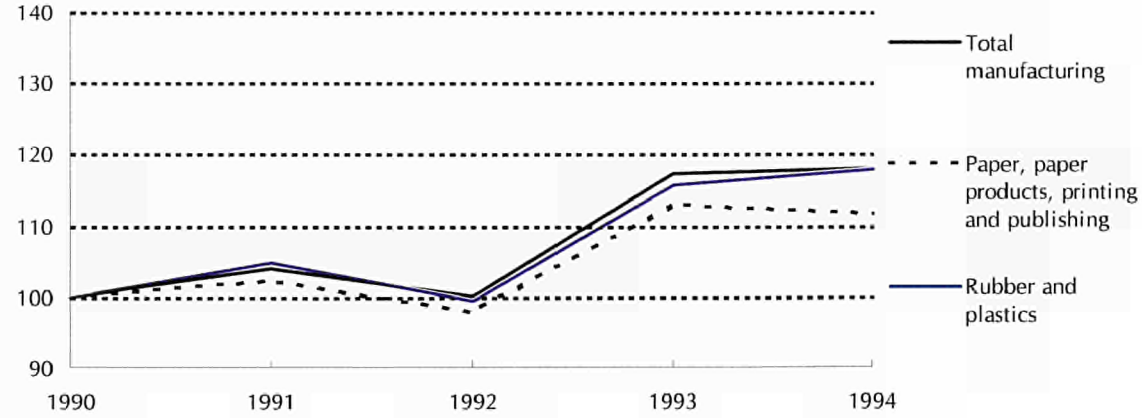
FIGURE 5.23



Intermediate unit costs relative to import competitors for selected sectors, EUR12 (1990=100)

SOURCE: eurostat

FIGURE 5.24



Intermediate unit costs relative to import competitors for selected sectors, EUR12 (1990=100)

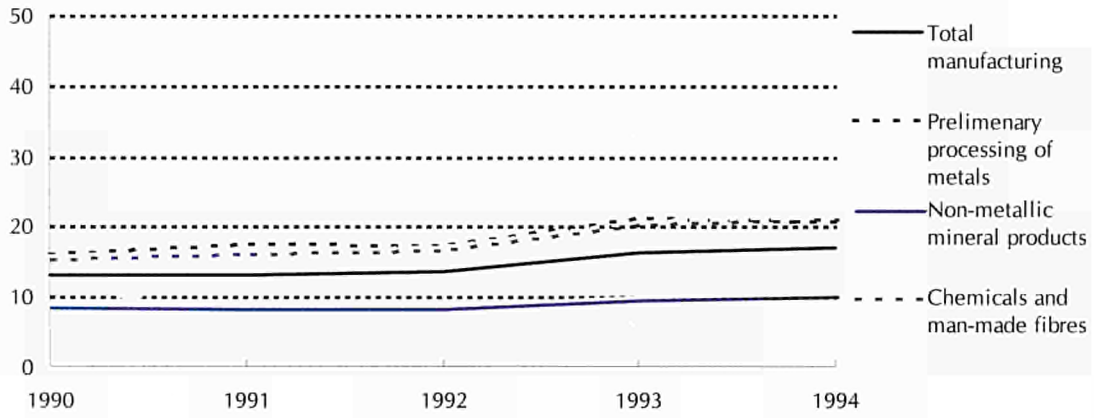
SOURCE: eurostat

THE USE OF DOUBLE WEIGHTED INDICATORS IN THE ANALYSIS OF COMPETITIVENESS

In this section, an example of the use of the double weighted indicators is given for the analysis of an increase in the share of exports in domestic production. Figures 5.25 to 5.30 present the export ratios for all two digit Nace 1970 for 1990 to 1994, which express exports as a percentage of domestic (EUR12) production. In all cases, this ratio increased. An argument analogous to the one given in the discussion on single weighted indicators regarding the income effects of final domestic demand holds here. The slow to moderate growth in EUR12 demand between 1990 and 1994 stimulated companies to look for export orders in substitution for domestic ones. In addition, buoyant demand in the USA during the years 1992 to 1994 gave another impetus to exports. A third reason for the increase can be found in the depreciation of the effective exchange rate noted earlier.

FIGURE 5.25

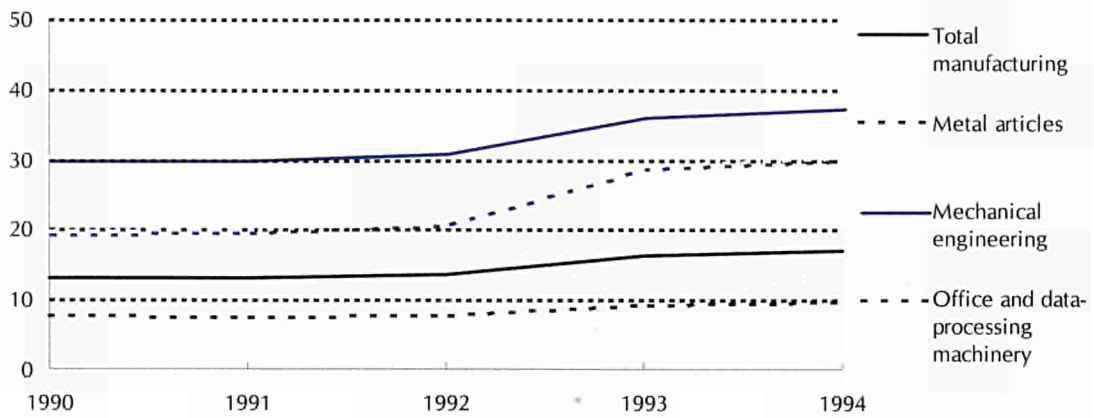
Export ratio for selected sectors, EUR12 (%)



SOURCE: eurostat

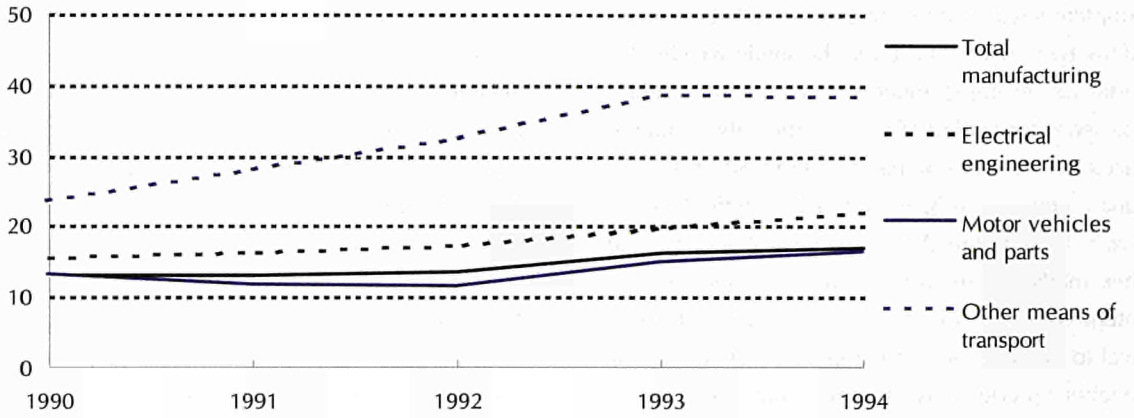
FIGURE 5.26

Export ratio for selected sectors, EUR12 (%)



SOURCE: eurostat

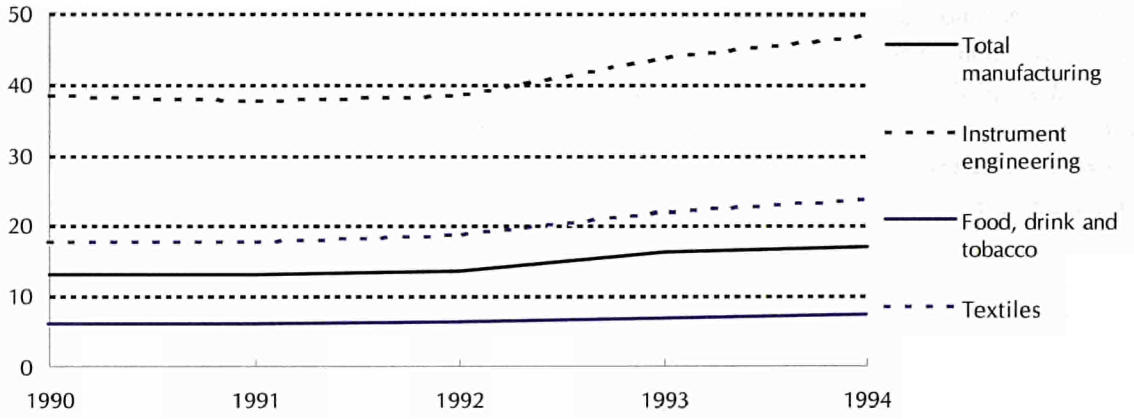
FIGURE 5.27



Export ratio for selected sectors, EUR12 (%)

SOURCE: eurostat

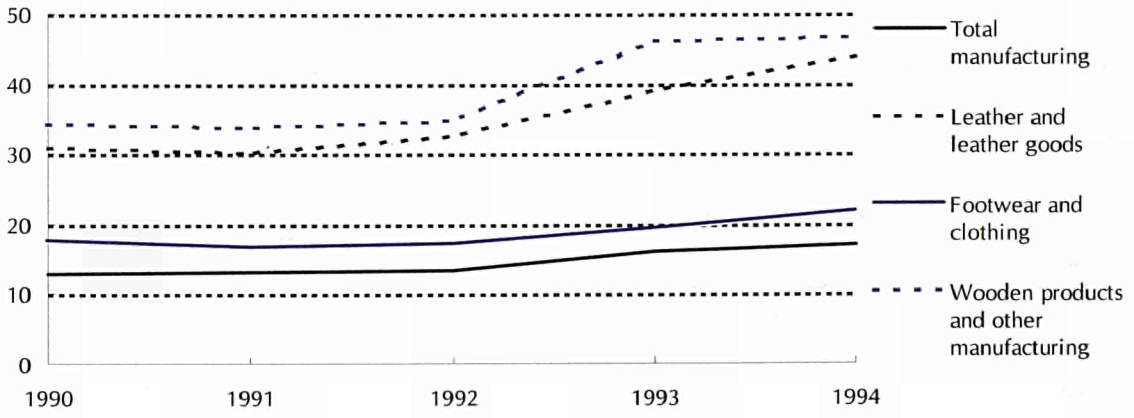
FIGURE 5.28



Export ratio for selected sectors, EUR12 (%)

SOURCE: eurostat

FIGURE 5.29



Export ratio for selected sectors, EUR12 (%)

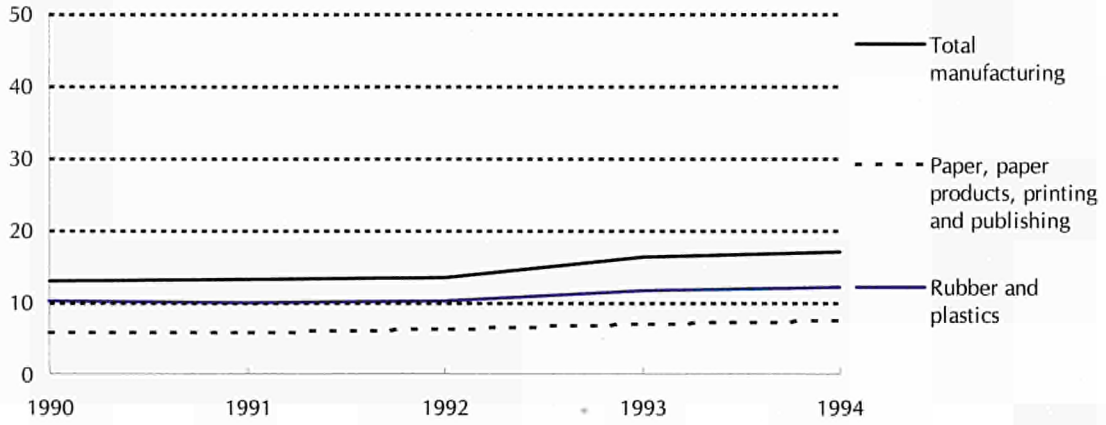
SOURCE: eurostat

The three measures for the general improvement of competitiveness of European manufacturing are supplemented here by the export market version of the two measures used in the single weighted indicators example. Figures 5.31 to 5.36 present the series for EUR12 labour productivity in manufacturing industry compared to the USA and Japan, now not weighted according to the latter two's share on the EUR12 market but according to their market share on common export markets. Interpretation of this indicator (code 2321) is identical to the indicator for competitiveness according to labour productivity on import markets. The general conclusion of a higher rate of increase in labour productivity in the EUR12 compared to the USA and Japan, this time by 5.5%, from the analysis of competitiveness on import markets also carries over to the case concerning export markets. However, again no significant correlation was found between the export ratios and the changes in the labour productivity indices for the different sectors. Figures 5.37 to 5.42 give the series for the export version of the intermediate unit costs comparison between the EUR12, the USA and Japan.

Most remarkable throughout the graphs is the increase in intermediate unit cost competitiveness in 1993 in all sectors, though to a varying degree. Most sectors saw their intermediate unit costs decline by between 20 and 30 per cent compared to their Triad competitors on the export markets. The manufacturing average came to 22.2%, as shown in table 5.2. As in the case of imports, the correlation between the increase in the export ratio and the change in intermediate unit cost competitiveness was significant at an acceptable level for the number of observations (at just over 5%) but now had the correct sign. The results were very similar when total unit costs were used. Increased competitiveness in unit costs carried over to price competitiveness on export markets (indicator 2606). Although the database contains figures for only a small number of sectors and only for years up to and including 1993, the EUR12 seemed to have been able to pass on the lower unit costs into export prices.

FIGURE 5.30

Export ratio for selected sectors, EUR12
(%)



SOURCE: eurostat

eurostat

TABLE 5.2

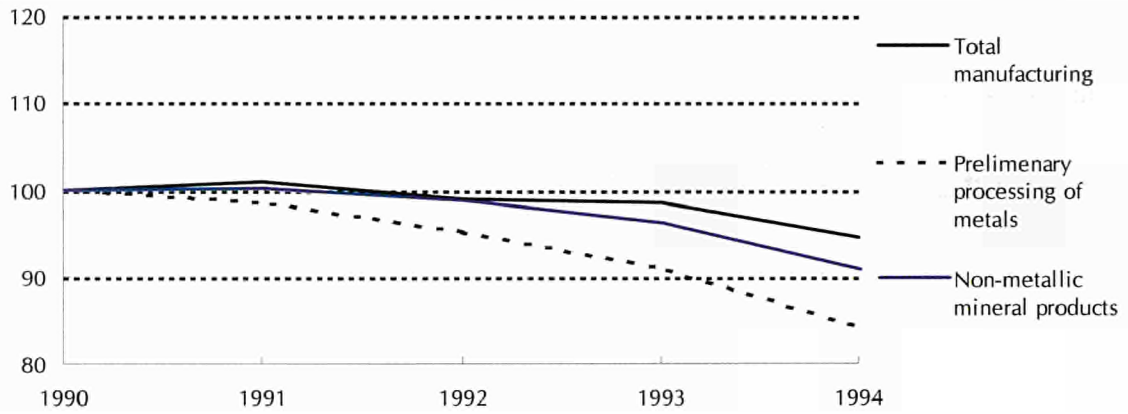
Changes in indicators of EUR12 competitiveness relative to export competitors (%)

	Change in export ratio, 1990-1994	Change in labour productivity, 1990-1994	Change in intermediate unit costs, 1990-1994
Total manufacturing	4.0	-5.5	22.2
Preliminary processing of metals	4.5	-15.8	26.9
Non-metallic mineral products	1.4	-9.2	22.7
Chemicals and man-made fibres	5.6	N/A	N/A
Metal articles	2.0	0.2	19.9
Mechanical engineering	7.5	-7.2	21.4
Office and data-processing machinery	10.5	8.0	40.3
Electrical engineering	6.3	-1.3	24.2
Motor vehicles and parts	3.2	-7.0	25.7
Other means of transport	14.7	4.7	20.7
Instrument engineering	8.5	-1.9	26.4
Food, drink and tobacco	1.1	-5.7	11.6
Textiles	5.9	-7.5	26.5
Leather and leather goods	13.0	-13.7	31.3
Footwear and clothing	4.1	-2.9	20.0
Wooden products and other manufacturing	12.2	N/A	N/A
Paper, paper products, printing, publishing	1.7	-1.3	16.3
Rubber and plastics	1.9	-9.2	26.1

SOURCE: eurostat

FIGURE 5.31

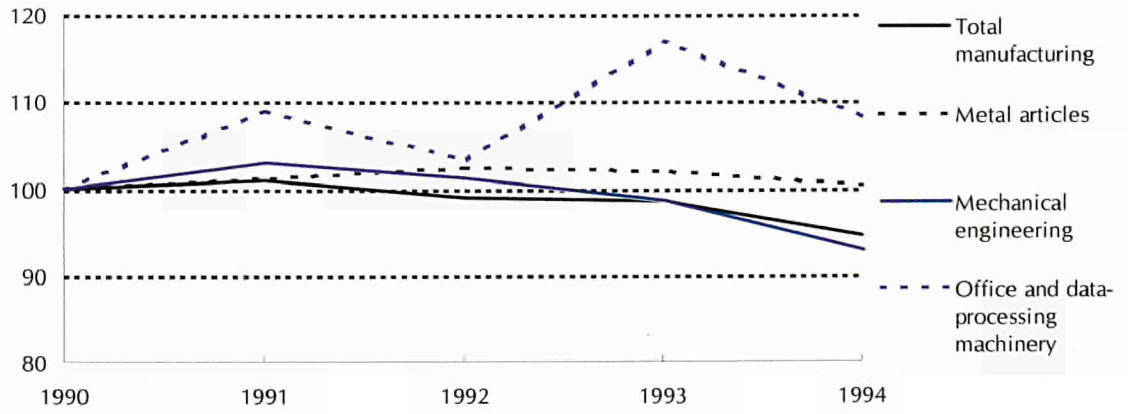
Labour productivity relative to export competitors for selected sectors, EUR12 (1990=100)



SOURCE: eurostat

FIGURE 5.32

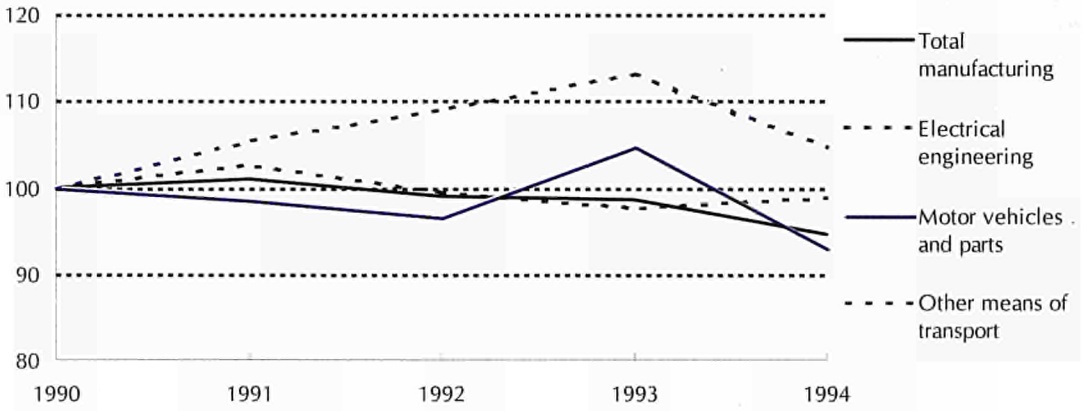
Labour productivity relative to export competitors for selected sectors, EUR12 (1990=100)



SOURCE: eurostat

FIGURE 5.33

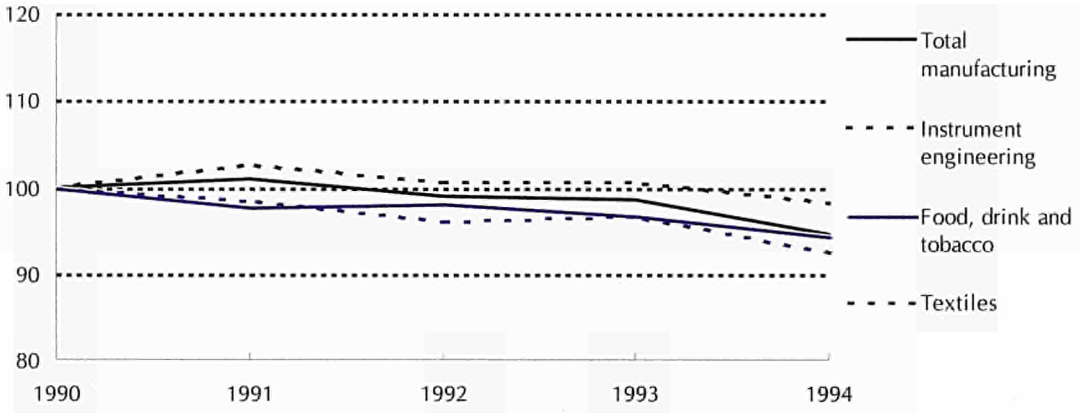
Labour productivity relative to export competitors for selected sectors, EUR12 (1990=100)



SOURCE: eurostat

FIGURE 5.34

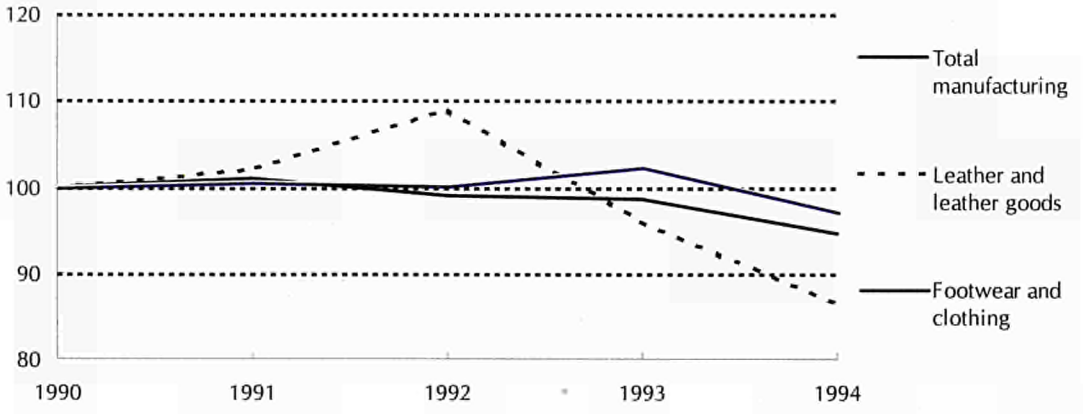
Labour productivity relative to export competitors for selected sectors, EUR12 (1990=100)



SOURCE: eurostat

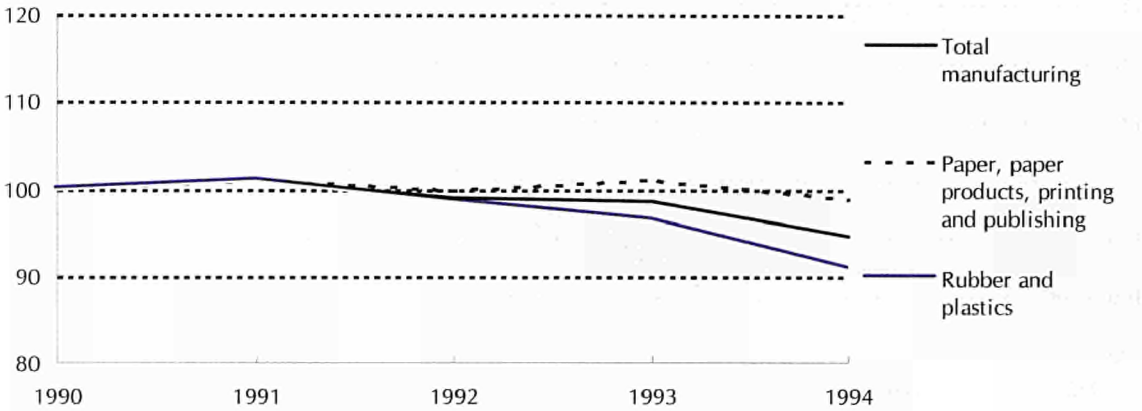
FIGURE 5.35

Labour productivity relative to export competitors for selected sectors, EUR12 (1990=100)



SOURCE: eurostat

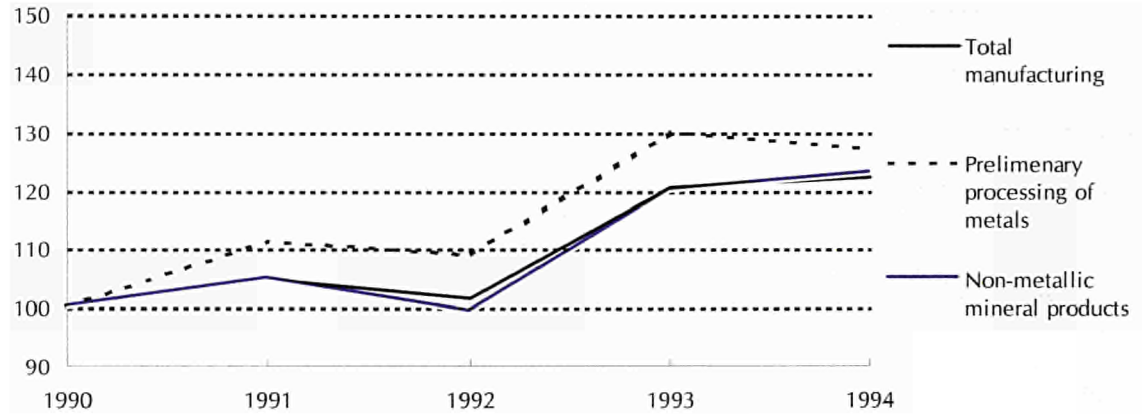
FIGURE 5.36



Labour productivity relative to export competitors for selected sectors, EUR12 (1990=100)

SOURCE: eurostat

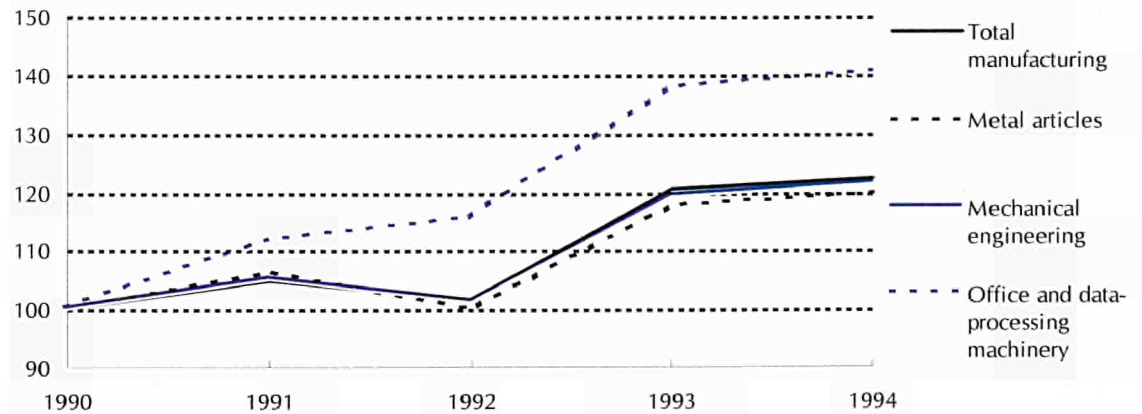
FIGURE 5.37



Intermediate unit costs relative to export competitors for selected sectors, EUR12 (1990=100)

SOURCE: eurostat

FIGURE 5.38

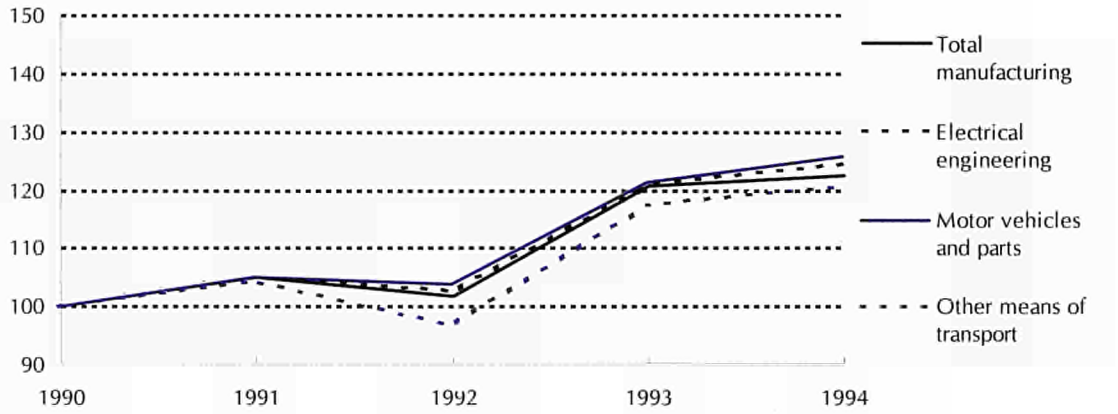


Intermediate unit costs relative to export competitors for selected sectors, EUR12 (1990=100)

SOURCE: eurostat

FIGURE 5.39

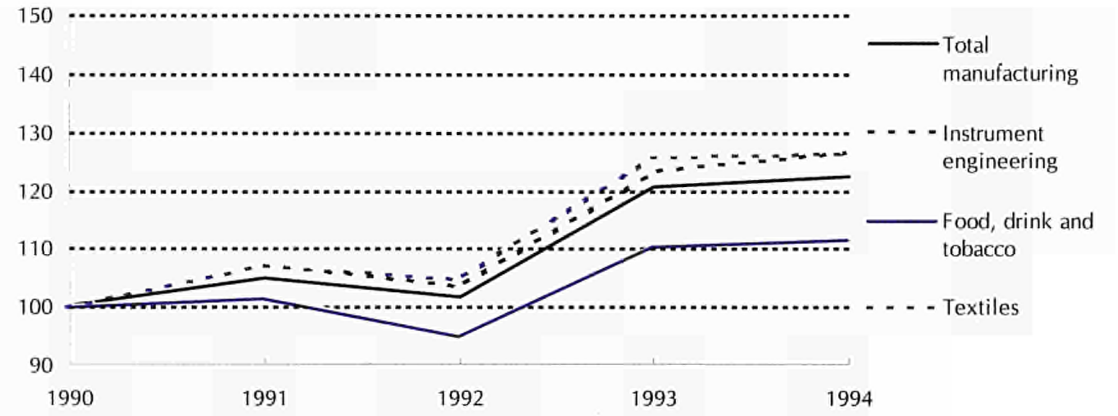
Intermediate unit costs relative to export competitors for selected sectors, EUR12 (1990=100)



SOURCE: eurostat

FIGURE 5.40

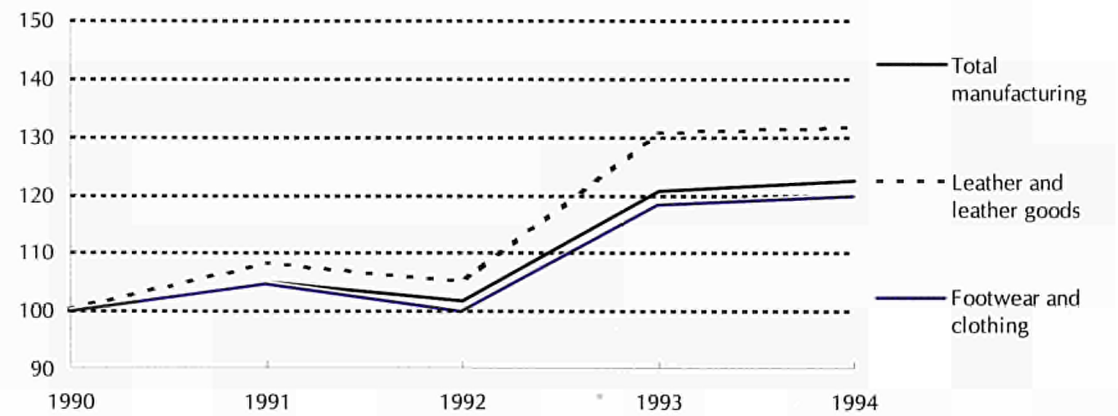
Intermediate unit costs relative to export competitors for selected sectors, EUR12 (1990=100)



SOURCE: eurostat

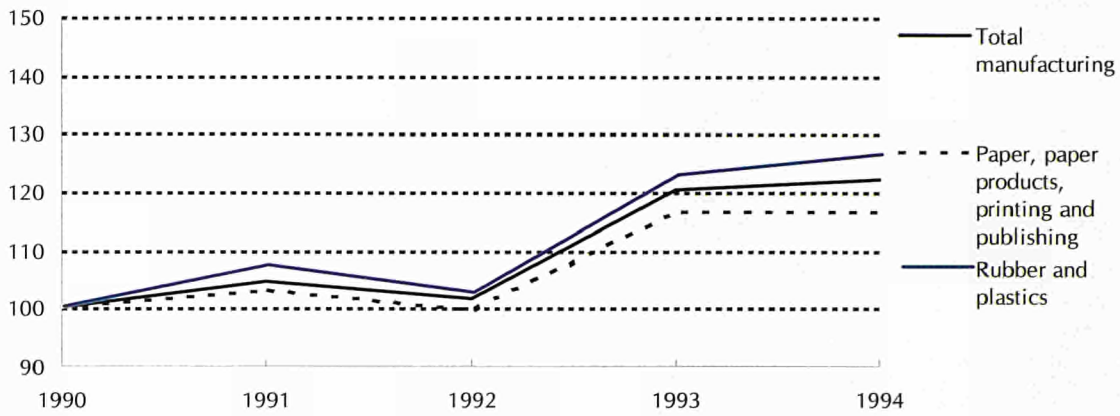
FIGURE 5.41

Intermediate unit costs relative to export competitors for selected sectors, EUR12 (1990=100)



SOURCE: eurostat

FIGURE 5.42



Intermediate unit costs relative to export competitors for selected sectors, EUR12 (1990=100)

SOURCE: eurostat

CONCLUSION

The single and double weighted indicators were devised to facilitate the comparison of competitive strength between one and many countries. Their usefulness stems from the flexibility with which they can be used with many different measures of competitiveness. In this way they permit an eclectic approach to the analysis, the method remaining the same whatever the measure of competitive strength used. Additionally, they provide insight into the of competitive process, whereas the performance indicators only show the outcome of this process. Although the mathematical structure of the single and double weighted indicators is relative complex, their interpretation coincides with a simple two country comparison.

An example of the use of both the single and double weighted indicators was given. The first example, an analysis of the increase in the import penetration rate across European industries, revealed the effective exchange rate to be important. A J-curve effect was observed, where an increase in import prices was accompanied by less than proportional decrease in the volume of imports, leading to a rise in the value of imports. An increase in labour productivity by sector as compared to the Triad competitors did not give an explanation, nor did the increase in intermediate and total unit cost competitiveness. Labour productivity and unit costs did however serve as explanatory variables for the improvement in import price competitiveness. In the second example the use of the double weighted indicators of competitiveness on export markets in explaining an increase in the export ratio was investigated. Besides the effective exchange rate again playing a major part in this, labour productivity did not but unit costs did seem to provide a plausible explanation for this. Also, these lower unit costs were passed on as more competitive export prices.

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