



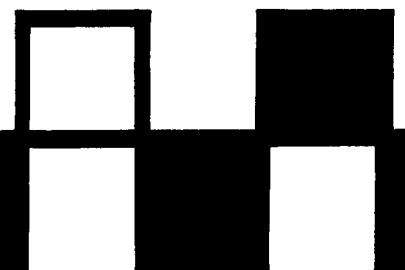
**European
Economic
Community**
Commission

**Directorate-
General
for Economic
and Financial
Affairs**

**Report of the results
of the business surveys
carried out among heads
of enterprises
in the Community**

3

1966



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**Commission of the European Economic Community
Directorate-General for Economic and Financial Affairs
Directorate for National Economies and Economic Trends**

23, Avenue de la Joyeuse Entrée, Brussels

EEC business survey, carried out :

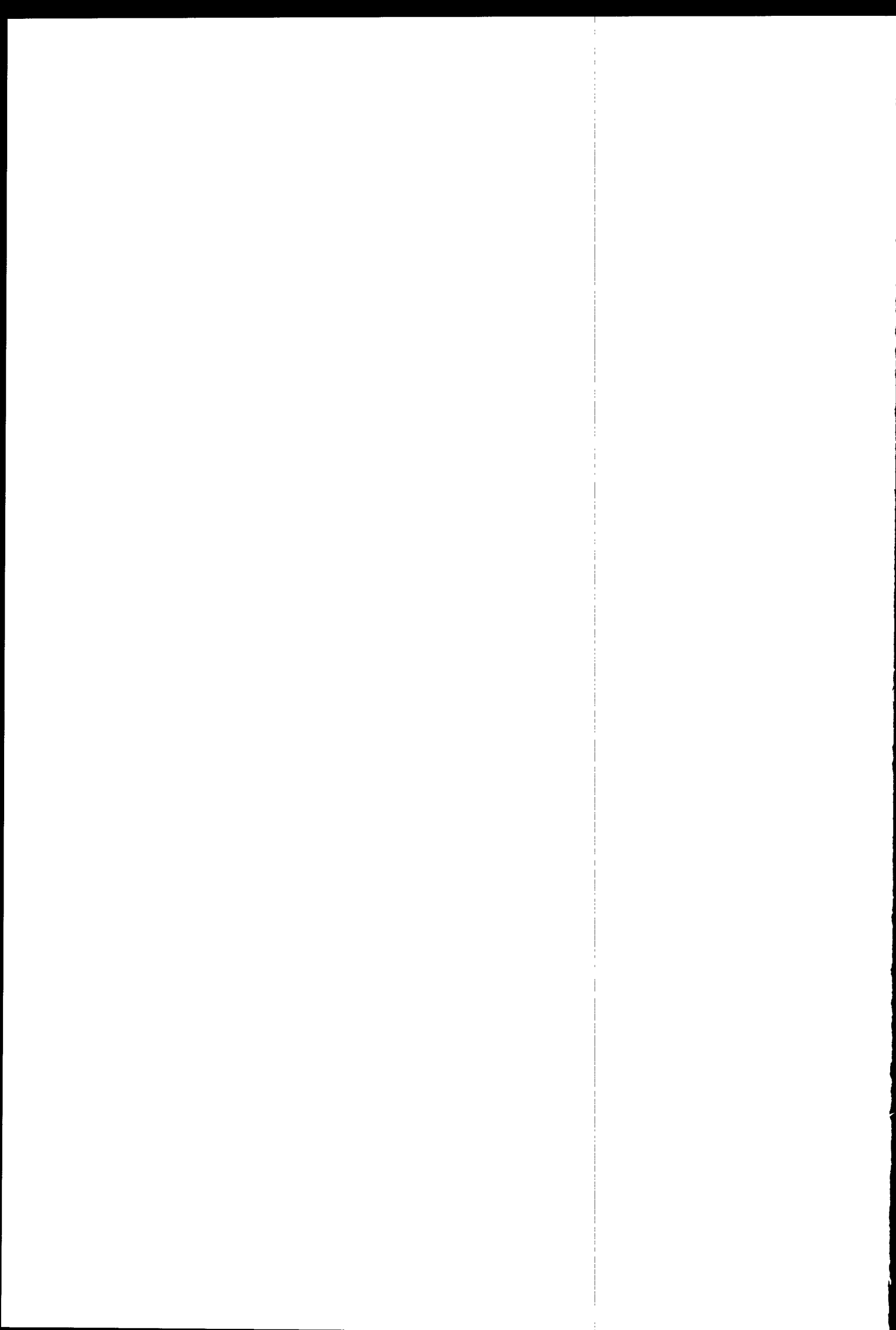
**in the German Federal Republic by the IFO-Institut
in France by INSEE
in Italy by ISCO-Mondo Economico
in Belgium by the National Bank
in Luxembourg by STATEC**

**EUROPEAN ECONOMIC COMMUNITY
COMMISSION**

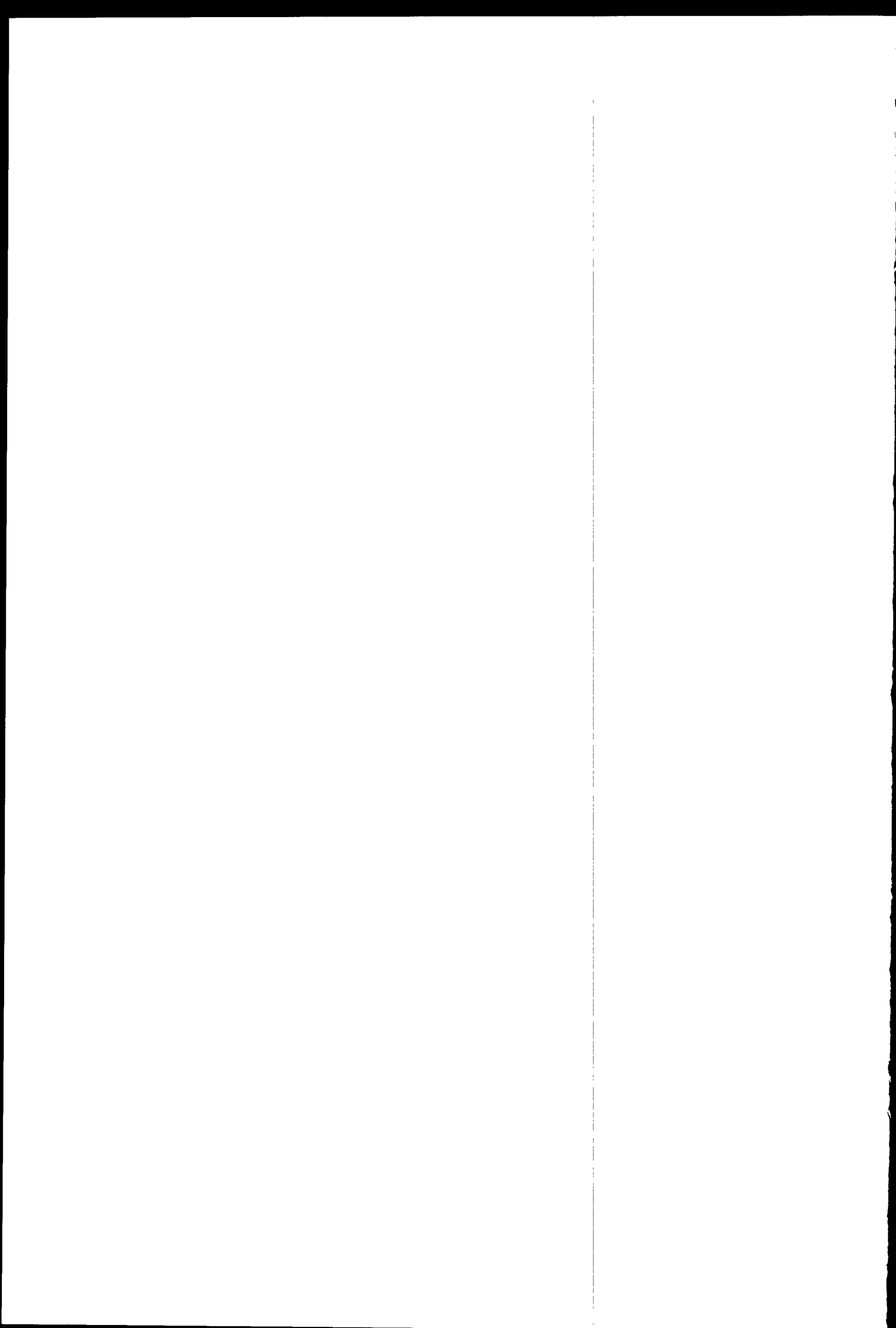
Directorate-General for Economic and Financial Affairs

**RESULTS OF THE BUSINESS SURVEY
CARRIED OUT AMONG HEADS OF ENTERPRISES
IN THE COMMUNITY**

December 1966



MONTHLY BUSINESS SURVEY
(ECONOMIC TRENDS)



PRESENTATION OF THE RESULTS

This issue summarizes the results of the monthly business surveys carried out between the end of May and the end of October 1966. It comprises four chapters — industry as a whole, consumer goods, capital goods, and intermediate goods — each with comments illustrated by diagrams and tables displaying the relevant data for each participating country and for the Community as a whole. The data relating to specific industries are given only for the Community as a whole and will be found in a consolidated table at the end of the brochure. For Luxembourg, the data given concern only industry as a whole; the relatively small number of firms in this country makes it practically impossible to publish a breakdown for the three types of industry without disclosing confidential information.

All the member countries save the Netherlands contribute to the survey on a voluntary basis. For reasons of industrial secrecy Dutch firms, or their federations, still feel unable to take part under arrangements in which they would enjoy the same rights and shoulder the same obligations as in the other countries, with each participant receiving, by country and for the Community, the results for the industry of which it is a part and for the whole of industry.

A monthly business survey is carried out in the Netherlands at national level by the "Centraal Bureau voor de Statistiek"; results are published only under the headings "industry as a whole", "consumer goods", "plant and equipment" and "intermediate goods"; so far the standard questionnaire used for this survey has not been fully adapted to the joint outline form chosen for the Community survey.

It is therefore impossible to use these results for the Community survey or to aggregate them with those of the EEC survey. As far as possible, however, the Dutch results are used by the EEC Commission in its analyses of the current economic situation. They are also published in part twice a year in the form of charts in the Quarterly Surveys of "The Economic Situation in the Community".

In the EEC Business Survey the data concerning the Community as a whole have been calculated on the basis of information obtained from the five participating countries, whose aggregate contribution to the Community's industrial production is more than 90%. However, as concerns individual industries, overall Community data are reckoned only in those cases where they are deemed sufficiently representative: thus, for the man-made fibre branch no figure is given, since no results can at present be included for the Federal Republic of Germany.

The classification of the main sectors of economic activity is based provisionally on the nomenclature given below. It is intended in the future to provide a more detailed breakdown, with a classification based on the main end-uses for each product.

INDUSTRIES PRODUCING CONSUMER GOODS	INDUSTRIES PRODUCING CAPITAL GOODS	INDUSTRIES PRODUCING INTERMEDIATE GOODS
<p>Garments and knitted and crocheted goods</p> <p>Footwear and processing of leather</p> <p>Consumer chemicals</p> <p>Furniture</p> <p>China and hollow glass</p> <p>Metal consumer articles</p> <p>Domestic electric appliances</p> <p>Private cars</p> <p>Photographic goods, spectacles, watches and clocks</p>	<p>Building materials</p> <p>General equipment products</p> <p>Mechanical equipment (other than electrical)</p> <p>Electrical equipment goods</p> <p>Commercial vehicles</p> <p>Shipbuilding, aircraft manufacturing, railway and tramway rolling stock</p> <p>Precision instruments</p>	<p>Textiles</p> <p>Leather</p> <p>Wool and cork</p> <p>Paper</p> <p>Printing</p> <p>Processing of plastics</p> <p>Basic chemicals</p> <p>Chemicals for industrial and agricultural uses</p> <p>Petroleum</p> <p>Iron and steel and primary processing thereof</p> <p>Production of man-made fibres</p> <p>Rubber</p> <p>Non-ferrous metals industry</p>

INDUSTRY AS A WHOLE

In the Community as a whole, the expansion of industrial production has been considerably slower than at the beginning of the year and is continuing at only a moderate pace. This trend emerges clearly from the surveys and is due basically to the loss of momentum in business activity in Germany. The loss of momentum is shown primarily in the replies from German managements, which have a heavy weighting in the Community aggregate, but it is also evident from the assessments made by managements of other member countries on the trend of foreign demand. In order to judge the replies from managements correctly, account must be taken of the fact that, in an uncertain economic climate such as that in Germany and Belgium, loss of confidence has tended to aggravate the pessimistic outlook. In general, the deterioration observed has nevertheless remained within bounds thanks to the buoyant economic situation which has continued in France and more particularly in Italy. Under these circumstances, no significant change in the rate of growth of industrial production can be expected in the immediate future, though managements consider that price strains should tend to ease.

In Germany, the surveys show that the slackening off in domestic activity, mentioned in the last report, has persisted, perhaps at an even higher rate than before. The pessimistic outlook of managements has become both more acute and more widespread; in particular, in the consumer goods industries, where activity has benefited from the expansion of incomes but where the stimuli to activity have been losing force, the latest surveys have shown an appreciable decline. All in all, the replies of managements give no evidence of any change in the general trend of economic activity. In this connection it is significant that production expectations, which have been good throughout the last three years, have progressively deteriorated, becoming poor from September onwards. Reports on total order books are adverse: the percentage of replies stating that order books were below normal increased from 27% at the end of May to 39% at the end of October. At the same time, stocks are considered too high. Finally there has been a drop in utilization of production capacity, while there is evidence of a fairly pronounced tendency to reduce manpower (this was the case in 32% of the firms questioned). The fall in demand is reflected in an improvement in the price situation.

In France, even though the increasing optimism previously recorded has not continued, the replies of managements during recent months have indicated no fundamental change in the situation, except with regard to foreign demand, which shows a downward trend. Reports on total order books, while remaining generally good, are slightly less favourable. No doubt this is partly owing to fewer orders from abroad, in particular from Germany. Thus, by the end of October, 31% of managements considered that their foreign order-books were below normal and only 16% considered that they were above normal. No significant change is reported in stocks of finished products. Even though recruitment of additional labour is not envisaged in the near future, production expectations nevertheless remain very good. The slight strain on prices noted at the beginning of the year seems to have relaxed recently. Accordingly, no significant change in the pace of activity is to be expected in the coming months.

In Italy, where production is moving forward very steadily, the latest surveys have once more shown a flourishing situation. Order-books are still considered satisfactory, with some 80% of replies stating "normal" or "above normal". Assessments of foreign demand remain very good and are more optimistic than at any time in the past three years; however, the surveys from September onwards show a certain decline, also most probably because of the slowing down of expansion in important customer countries like Germany. A large number of managements report their

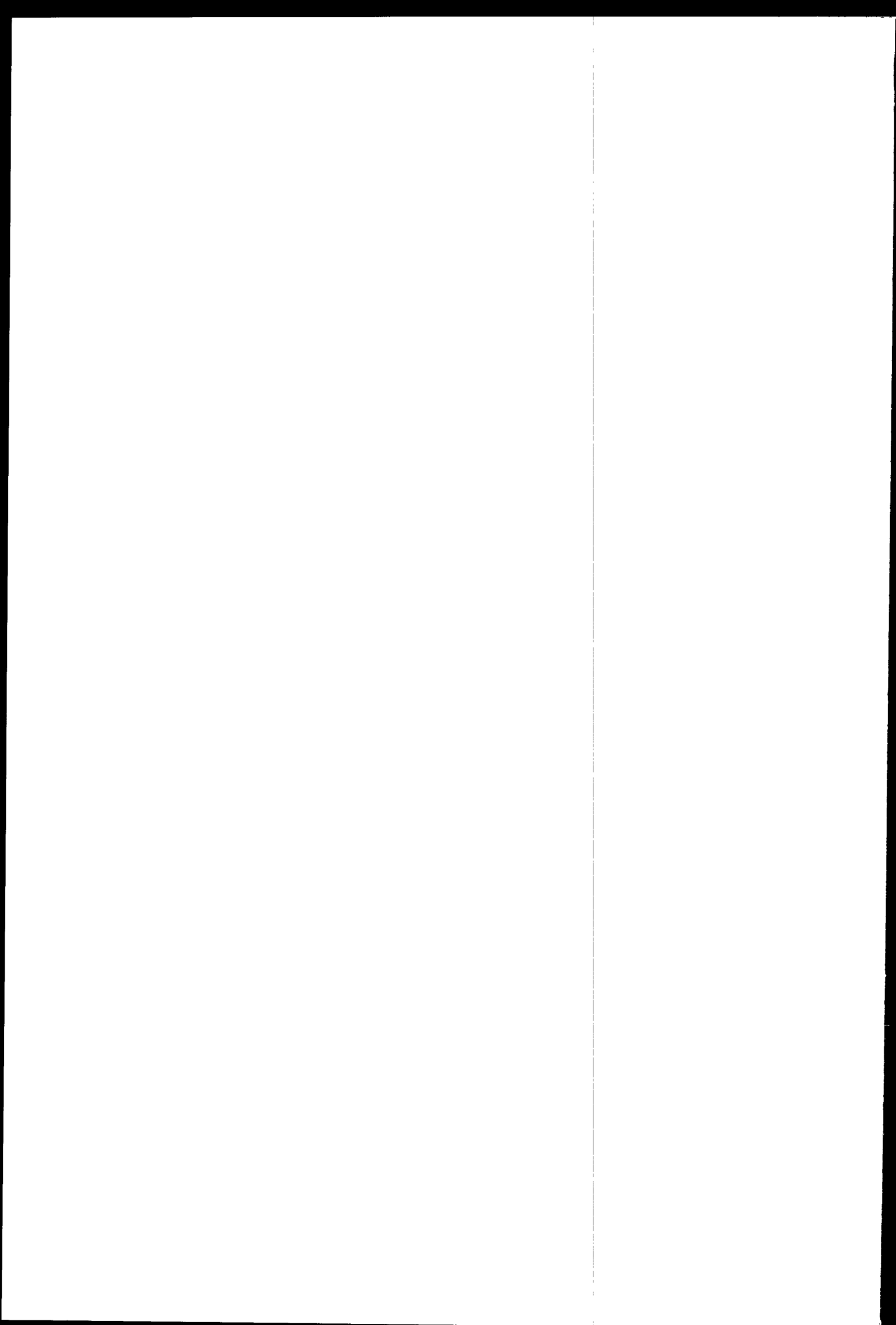
stocks as "normal" and this trend is varying little. Production expectations pointed to expansion, and this is borne out by the fact that, for the first time since 1963, forecasts on the manpower situation in the coming months tend to be more optimistic than not. All in all, the replies to the questionnaires indicate a trend towards lively expansion, while selling prices do not at the moment seem likely to rise further.

In Belgium, the situation is still characterized by a moderate upward trend accompanied by a slight expansion of production. Since May the replies have tended to be increasingly pessimistic. Firstly, reports on total order-books show a slow decline, and in the two latest surveys some 40% of managements consider the level of orders below normal. A similar trend is seen in assessments of foreign demand. Pessimism is even greater as regards production expectations, which were good at the beginning of the year but have since shown a distinct decline and have become very indifferent; at the end of October, 31% of the firms questioned expected a decline in their activity and only 11% expected an increase. Accordingly, it does not appear likely that the present rate of expansion will improve; but nevertheless, certain more favourable factors such as the steadiness of the replies on stock levels still leave room for hope that there will be no marked downward trend either in the near future. The tendency already noted in the last report for an easing of the price situation has continued.

In Luxembourg, business is still slack, and the replies to the latest surveys have shown nothing new. In fact, apart from the continuing slow decline in confidence, stability has on the whole remained the dominant characteristic, with relatively indifferent reports on order-books, a generally "normal" assessment of stock levels, and very neutral production expectations (more than 90% of replies assumed that the present pace of production will continue). Selling prices appear decidedly likely to go on rising in the coming months.

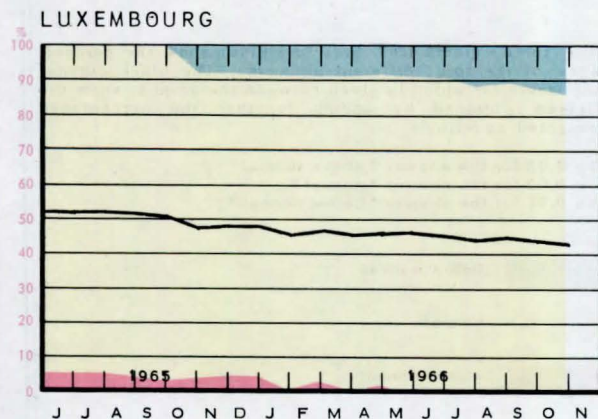
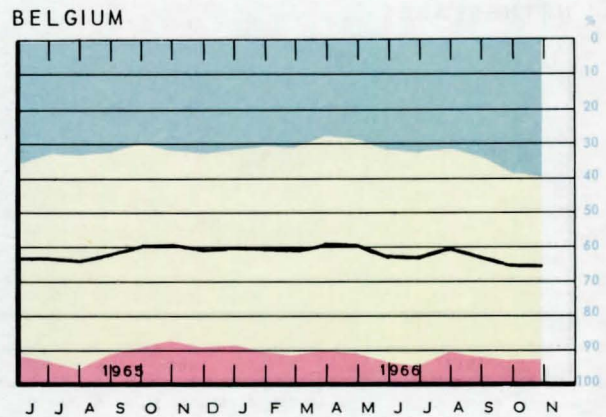
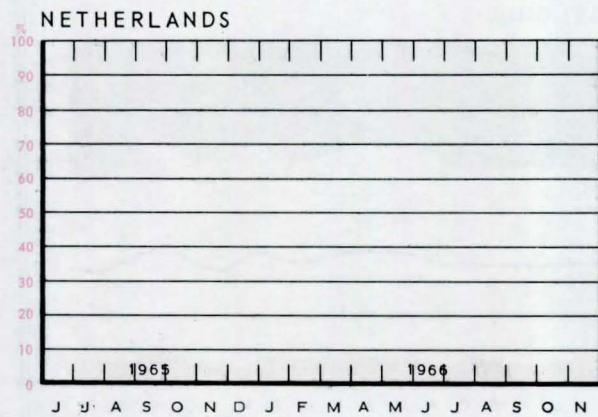
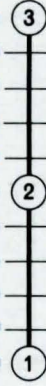
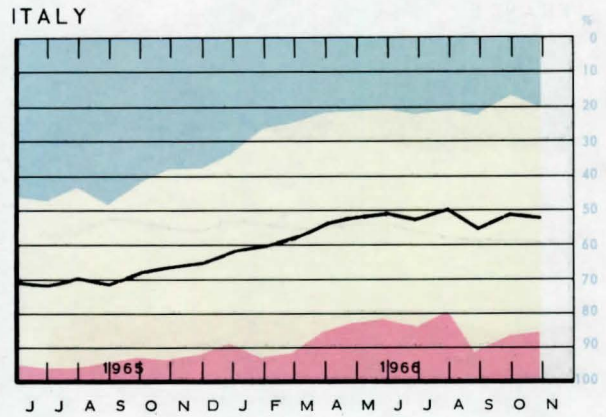
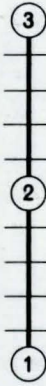
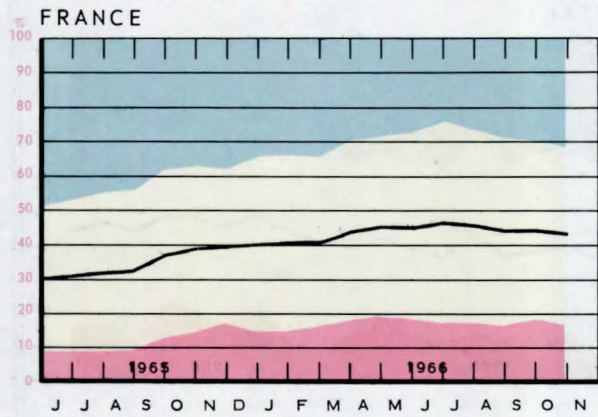
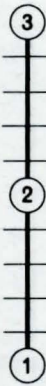
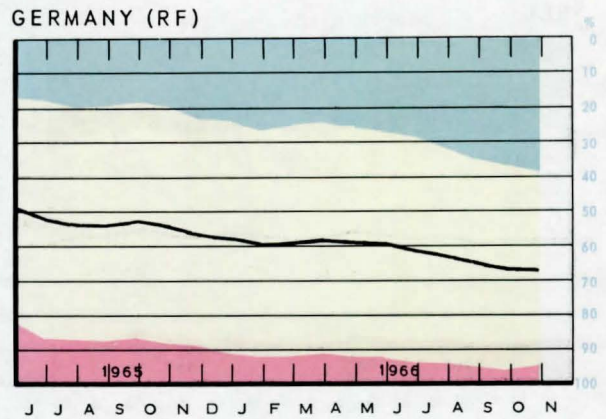
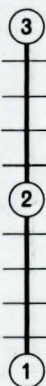
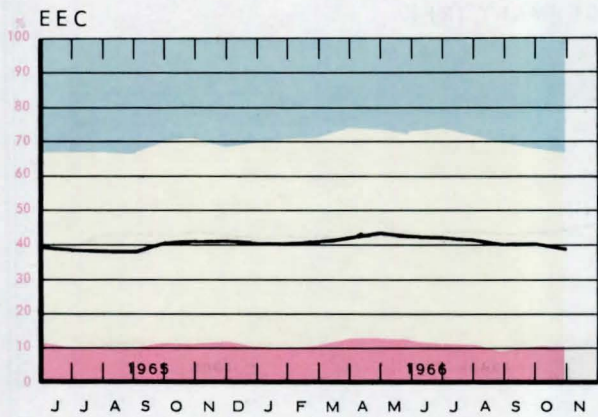
(the figures are percentages of replies received)

Questions Country	1966	Assessments															Expectations									
		Total order-book					Export order-book					Stocks of finished products					Production					Selling prices				
		J	J	A	S	O	J	J	A	S	O	J	J	A	S	O	J	J	A	S	O	J	J	A	S	O
GERMANY (FR)	+	6	6	5	4	5	12	12	14	12	11	19	20	20	20	23	8	10	13	9	5	8	9	6	5	6
	=	65	62	60	59	56	64	63	59	62	56	76	75	76	75	73	84	81	76	75	72	84	84	86	86	84
	-	29	32	35	37	39	24	25	27	26	33	5	5	4	5	4	8	9	11	16	23	8	7	8	9	10
FRANCE	+	18	18	17	19	17	19	20	21	19	16	17	17	16	17	18	23	25	26	27	25	17	17	17	15	13
	=	58	56	55	52	52	52	53	53	49	53	74	75	77	74	73	70	69	68	66	66	77	77	77	79	78
	-	24	26	28	29	31	29	27	26	32	31	9	8	7	9	9	7	6	6	7	9	6	6	6	6	9
ITALY	+	17	21	9	14	15	22	25	14	17	16	19	19	19	17	19	16	16	20	22	19	14	13	12	16	15
	=	61	58	69	69	65	53	48	61	60	57	70	72	75	75	74	72	70	70	71	71	78	77	81	78	76
	-	22	21	22	17	20	25	27	25	23	27	11	9	6	8	7	12	14	10	7	10	8	10	7	6	9
NETHERLANDS	+																									
	=																									
	-																									
BELGIUM	+	6	10	9	8	8	6	11	7	7	6	18	17	17	19	18	13	15	14	13	11	17	17	20	15	13
	=	62	59	56	54	53	59	59	61	52	56	74	73	76	72	73	66	65	62	62	58	76	75	70	72	67
	-	32	31	35	38	39	35	30	32	41	38	8	10	7	9	9	21	20	24	25	31	7	8	10	13	20
LUXEMBOURG	+	1	0	0	0	0	0	0	0	0	0	3	2	2	4	5	2	0	0	6	2	52	51	51	54	53
	=	89	88	89	87	86	91	90	90	90	89	87	97	97	95	94	96	98	98	89	92	48	47	49	44	44
	-	10	12	11	13	14	9	10	10	10	11	10	1	1	1	1	2	2	2	5	6	0	2	0	2	3
EEC	+	12	12	10	11	11	14	16	14	14	11	18	19	16	18	20	15	16	18	17	14	13	13	12	11	10
	=	62	60	60	58	56	59	58	59	58	56	75	74	77	75	74	76	74	72	71	69	80	80	81	81	80
	-	26	28	30	31	33	27	26	27	28	33	7	7	5	7	6	9	10	10	12	17	7	7	7	8	10



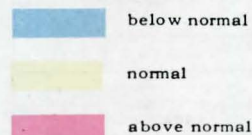
INDUSTRY AS A WHOLE

Order-books



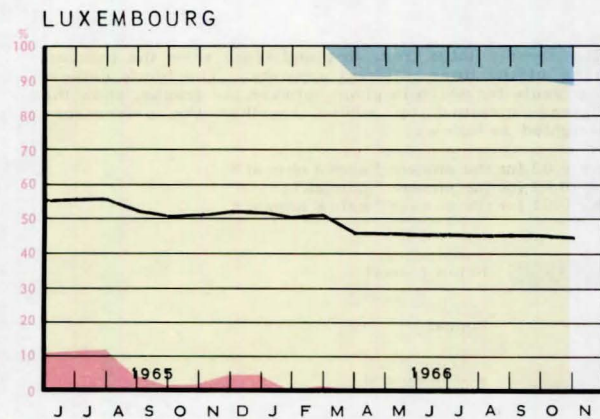
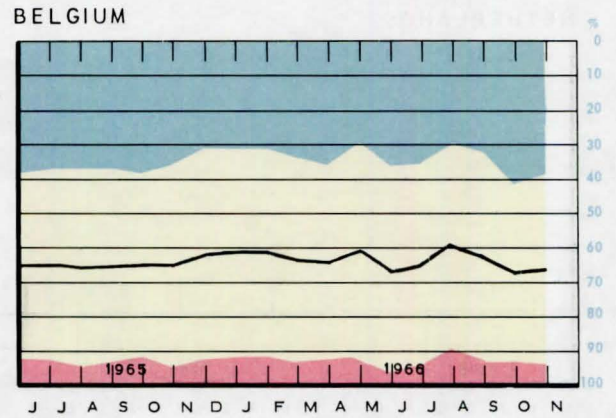
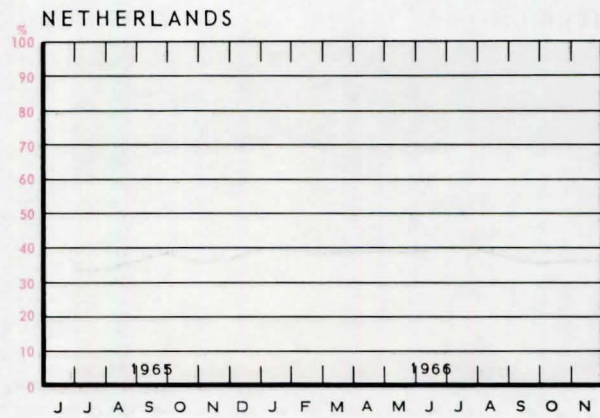
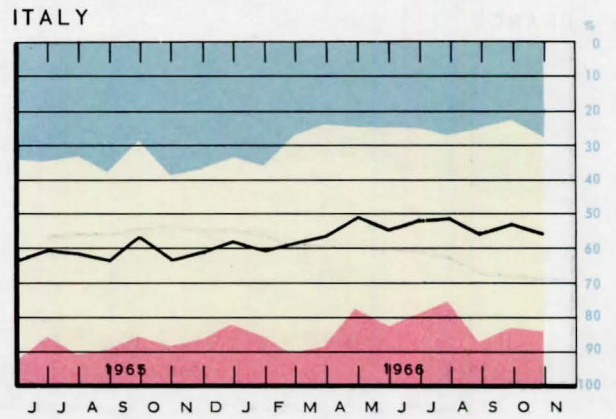
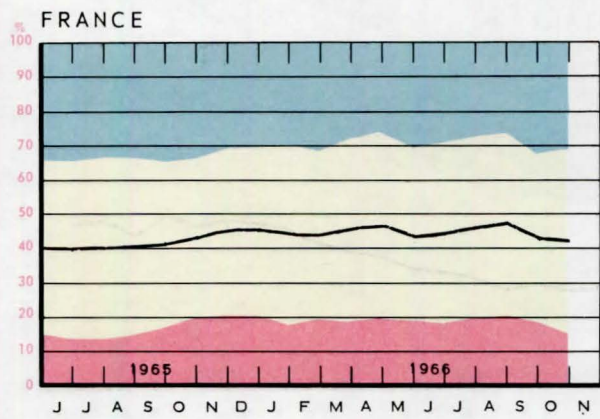
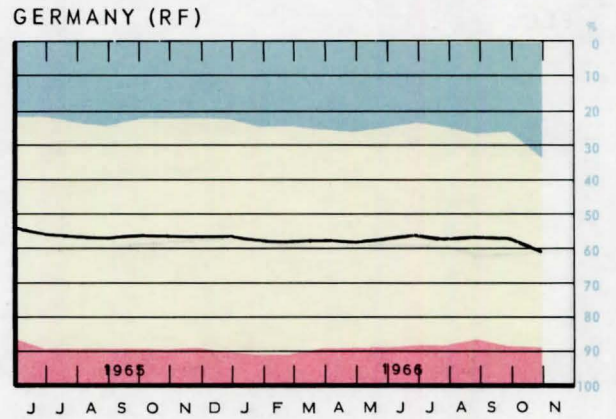
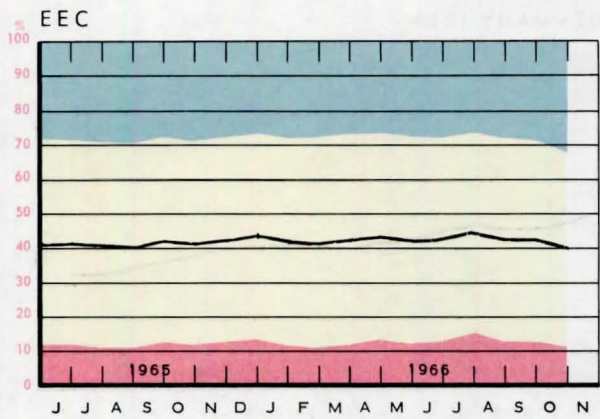
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- by 0.03 for the answer "above normal";
- by 0.02 for the answer "normal";
- by 0.01 for the answer "below normal";



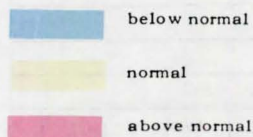
INDUSTRY AS A WHOLE

Export order-books



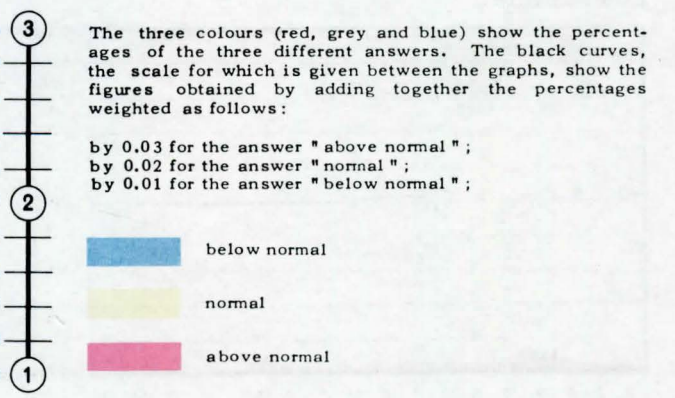
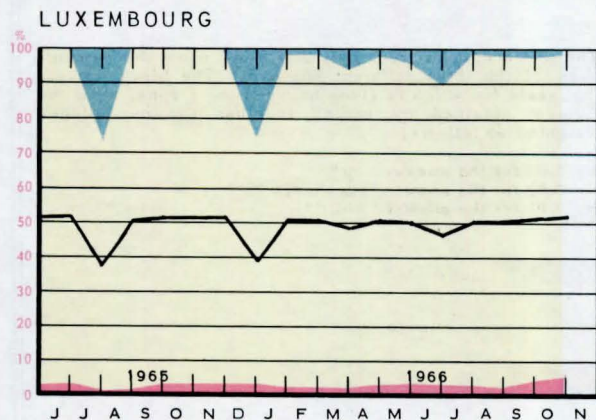
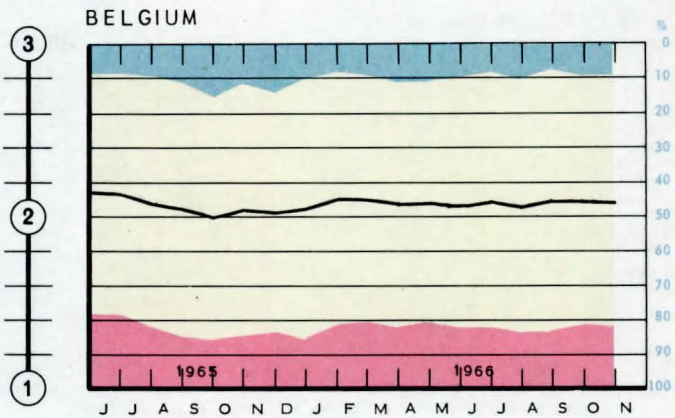
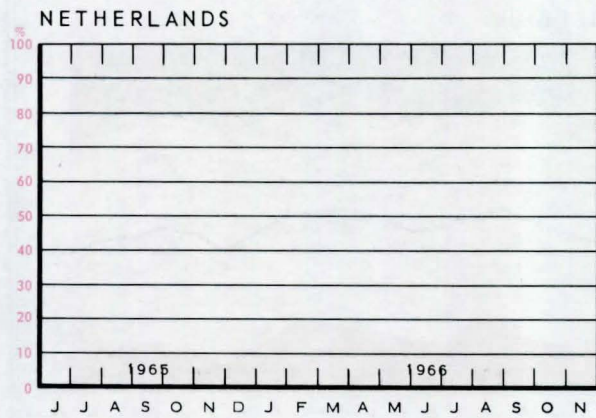
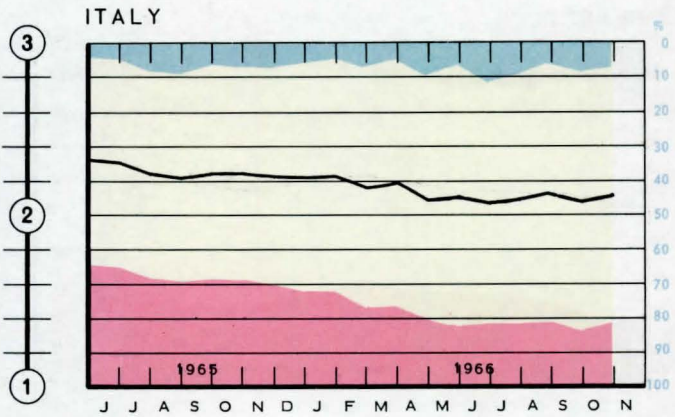
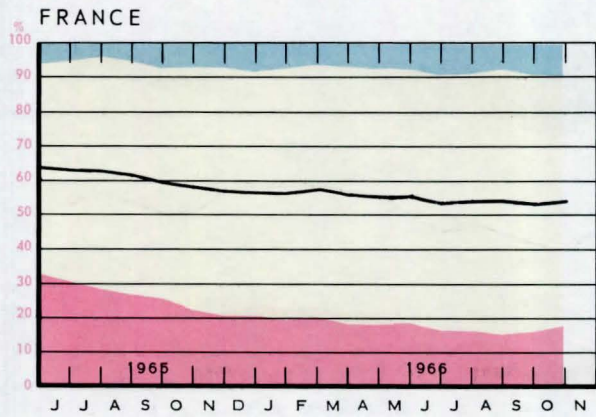
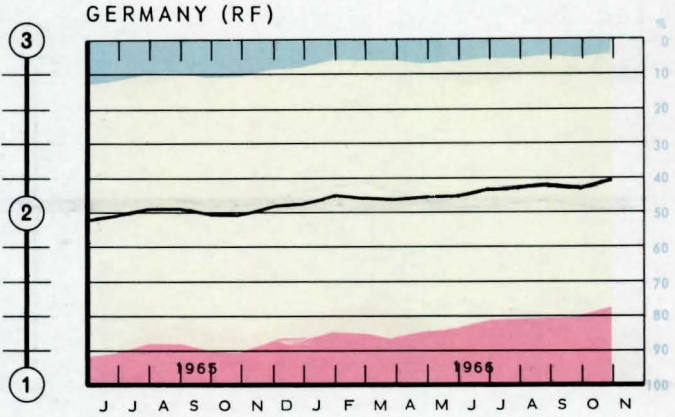
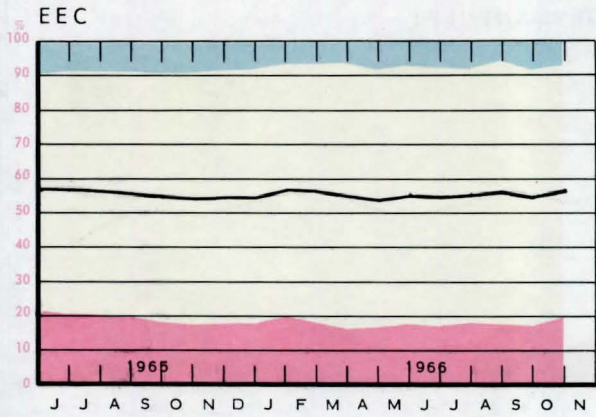
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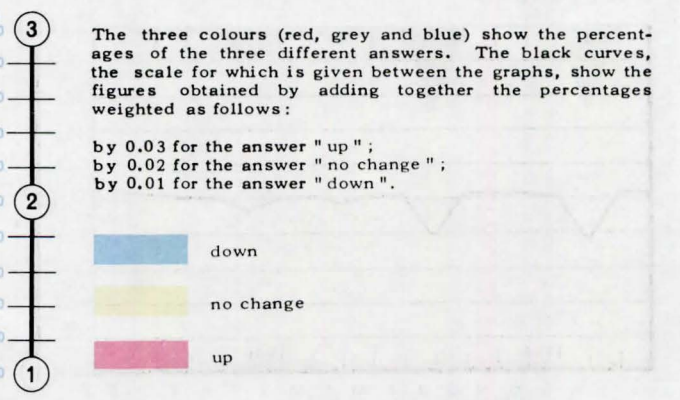
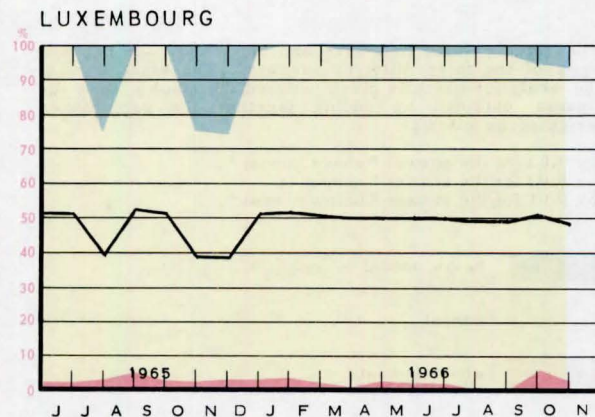
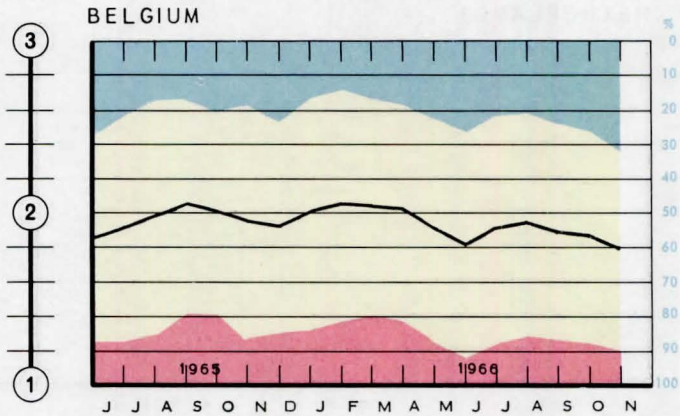
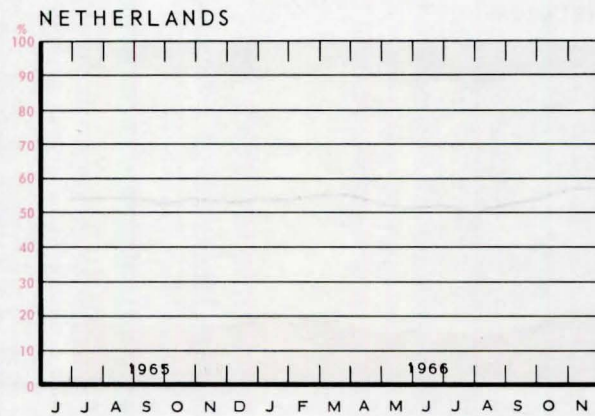
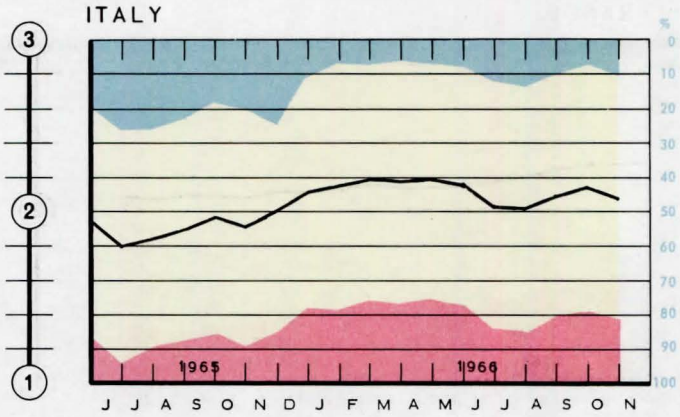
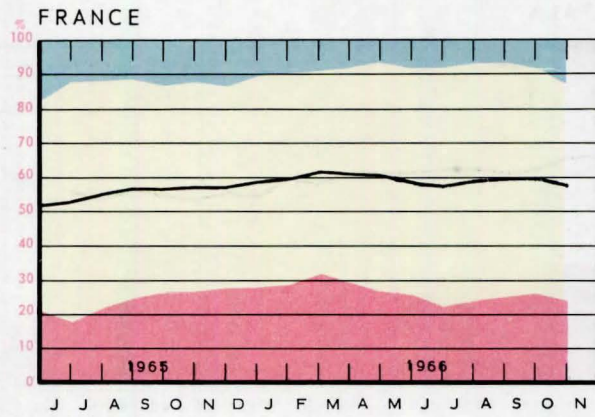
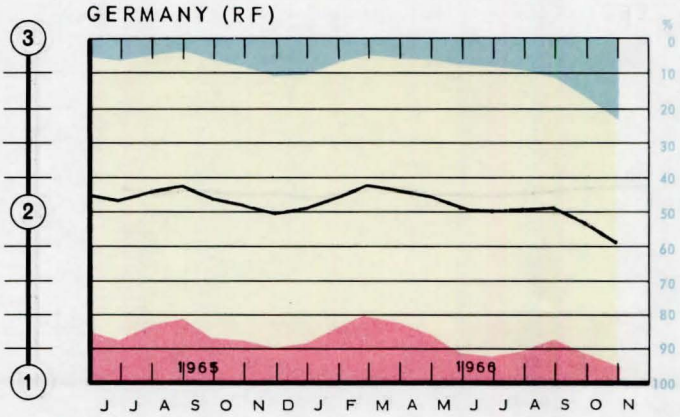
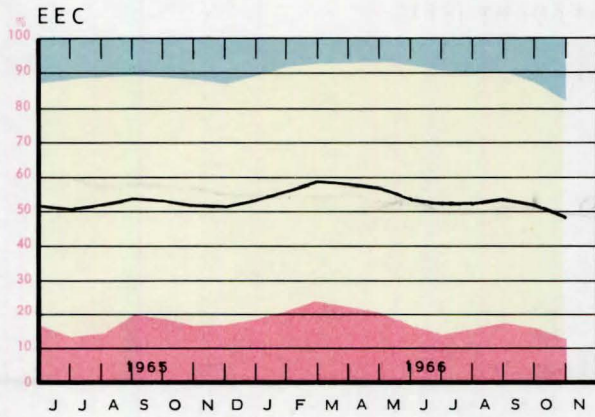
INDUSTRY AS A WHOLE

Stocks of finished products



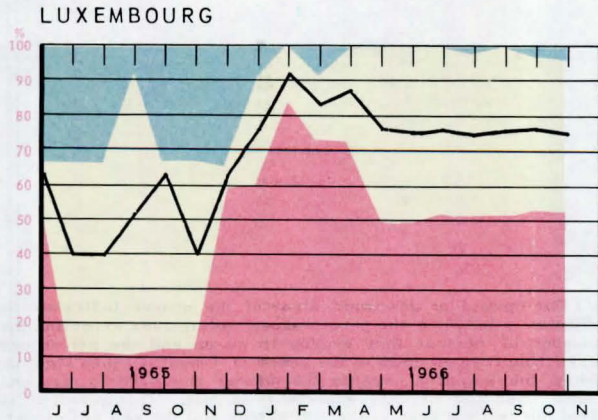
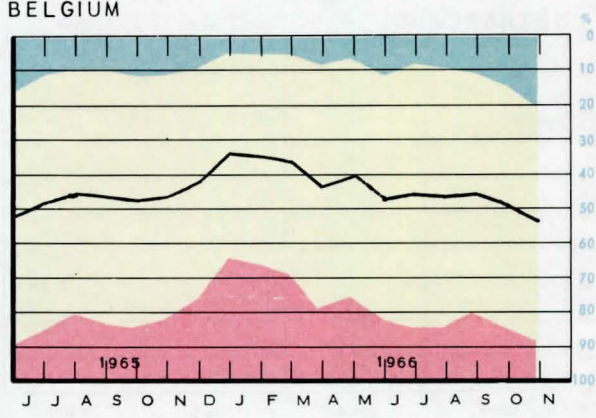
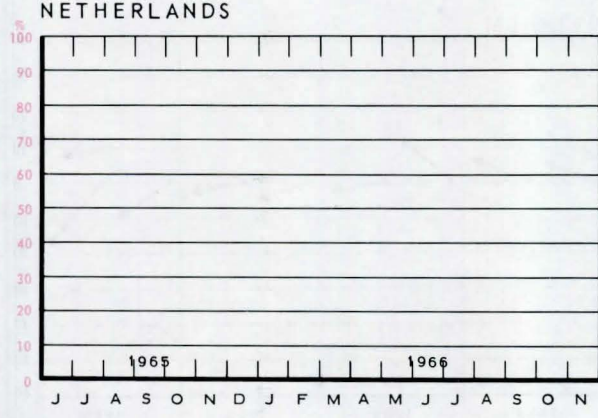
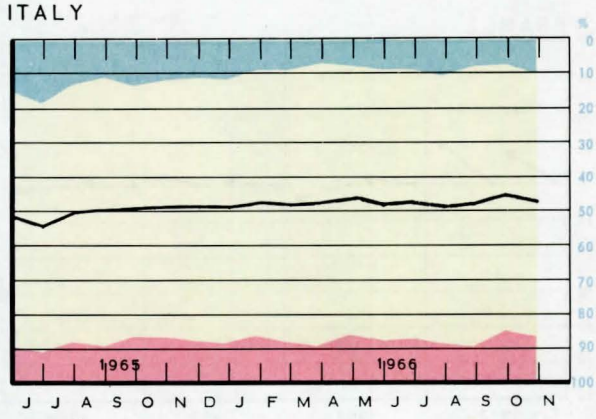
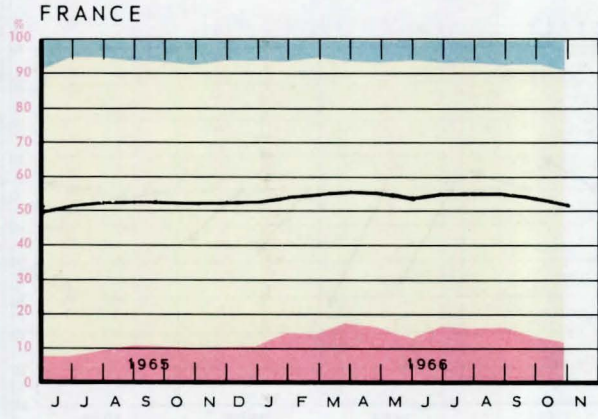
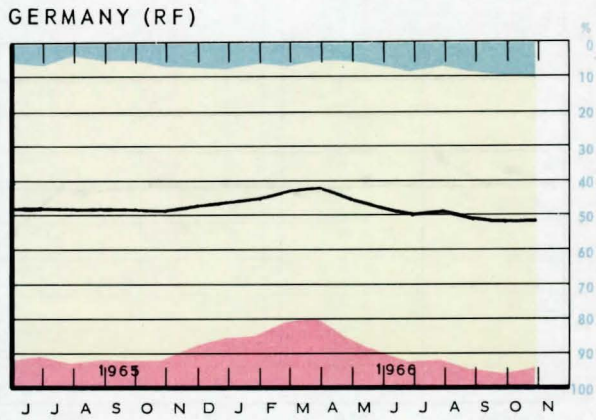
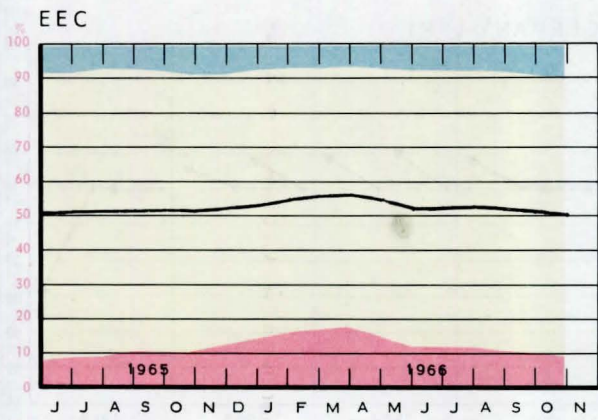
INDUSTRY AS A WHOLE

Trend in production



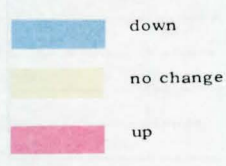
INDUSTRY AS A WHOLE

Trend in selling prices



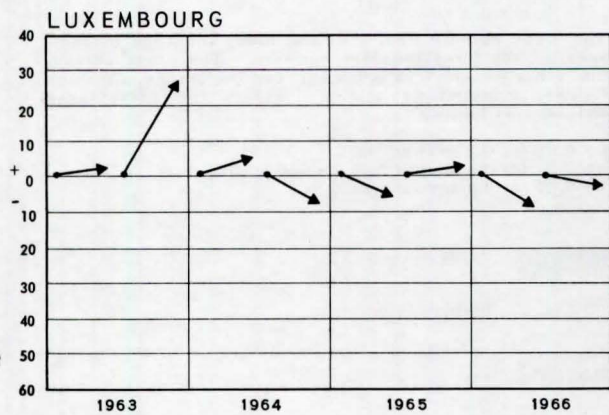
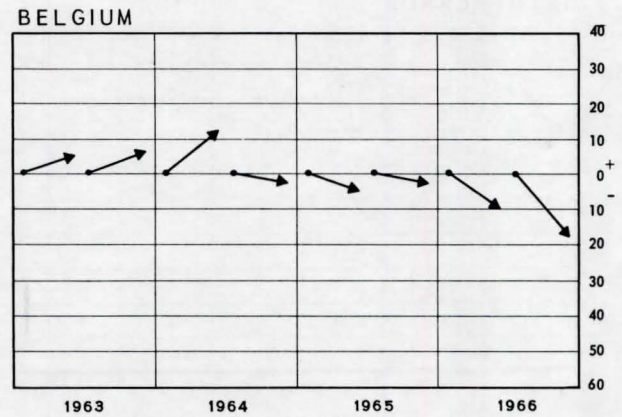
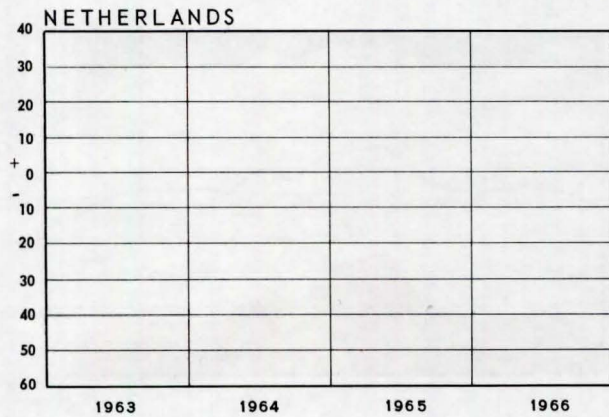
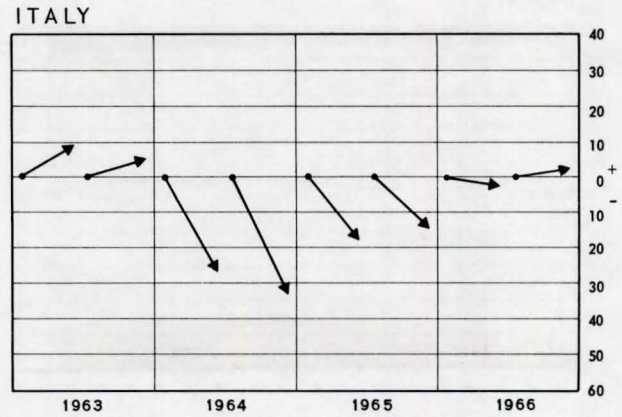
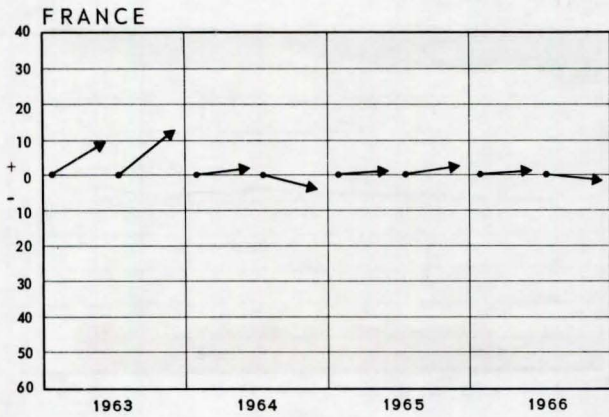
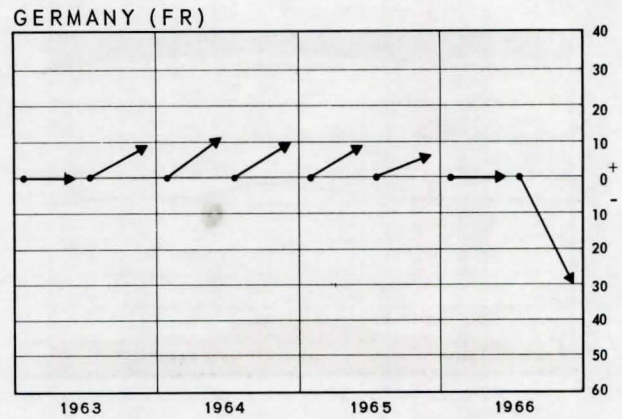
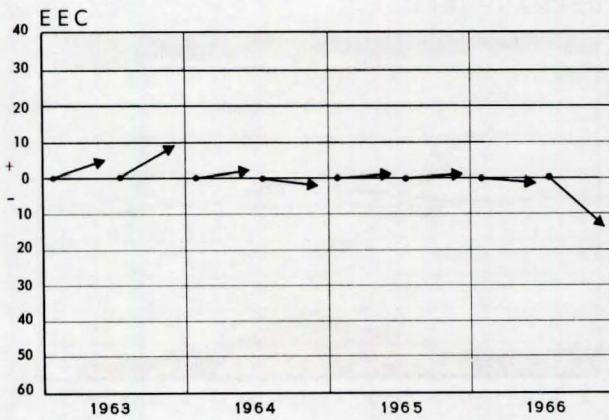
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- by 0.03 for the answer "up";
- by 0.02 for the answer "no change";
- by 0.01 for the answer "down".



INDUSTRY AS A WHOLE

Expectations (1)



(1) The upward or downward slant of the arrows indicates the difference between the percentage of enterprises expecting the number of persons they employ to go up and the percentage expecting it to go down in the next 3 or 4 months; they slant up when the majority expects the number employed to rise and down when the majority expects it to fall. This question is sent out twice a year, at the end of May and the end of October.

CONSUMER GOODS

In Germany, the first signs of a loss of momentum noted in the previous report have greatly intensified in recent surveys, reflecting the depressive effects on activity in the consumer goods industries of the increase in the rate of savings and of the reduction in the growth rate of incomes. This slackening-off has been particularly noticeable in the traditional industries. In general, reports on order-books are considerably less good; the percentage of managements finding their order-books below normal increased from 20 at the end of May to 38 at the end of October. On the other hand, except in the latest survey, assessments of foreign demand have remained relatively good. To judge from the growing number of firms reporting stocks as too high, some involuntary accumulation must have taken place. Production expectations have also been slowly deteriorating, though they have remained fairly good except in October, when there was a sudden lapse; however, it is not unlikely that political factors influenced the informants. The relaxation of strain on prices which occurred in the spring has not increased since.

In France, the demand for consumer goods has remained strong, supported by the continuing growth of incomes. The surveys reveal no significant change from the situation described in the last report; it would appear, however, that the industries producing durable consumer goods have profited more from the habitual recovery in the autumn. There is little change in assessments of order-books, which are still thought to be quite satisfactory; however, the replies indicate a certain decline in orders from abroad. The situation seems unaltered as regards stocks of finished products, which are generally considered normal. Production expectations are still very good, although perhaps a little less good than before. Firms appear more inclined to recruit additional labour. Thus, all in all, the results of the surveys suggest that activity will continue on a broad scale. Prices were expected to harden up to the end of the summer but a certain relaxation at the beginning of the autumn is predicted.

In Italy, thanks to the growth of incomes and perhaps also to a certain slackening in the rate of saving, business in the consumer goods sector has remained brisk. During recent months, apart from a certain transient falling-off, most managements' replies have remained unchanged and very optimistic. Opinions on total order-books are good. Thus, at the end of October only 9% of managements considered the level of orders below normal. The replies indicate that foreign demand also remains fairly steady. No particular change can be discerned in the stock position, and production expectations, although slightly less lively than at the beginning of the year, continue to be definitely promising. A renewed tendency to engage additional labour has appeared in more recent surveys after two years marked by a tendency to restrict manpower. Summing up, the climate in this sector clearly favours expansion, and there is every indication of further vigorous development in the coming months.

In Belgium the surveys show that the slowing-down of economic expansion is increasingly affecting the activity of consumer goods industries. Replies of managements are increasingly pessimistic. In many firms (35%) the order-books are reported to be below normal, only 10% reporting them as above normal; foreign demand is still reported as low, and there has even been a certain tendency for it to fall since the spring. Finally, production expectations, which are good until April, become definitely poor. Altogether, the surveys show that the prospects of development in this sector are not very good; however, if it is borne in mind that replies on the stock situation show on average no significant deterioration and that the selling-price trends continue manifestly to rise, it may be that the estimate of the general economic climate has had too adverse an effect on the judgment of managements.

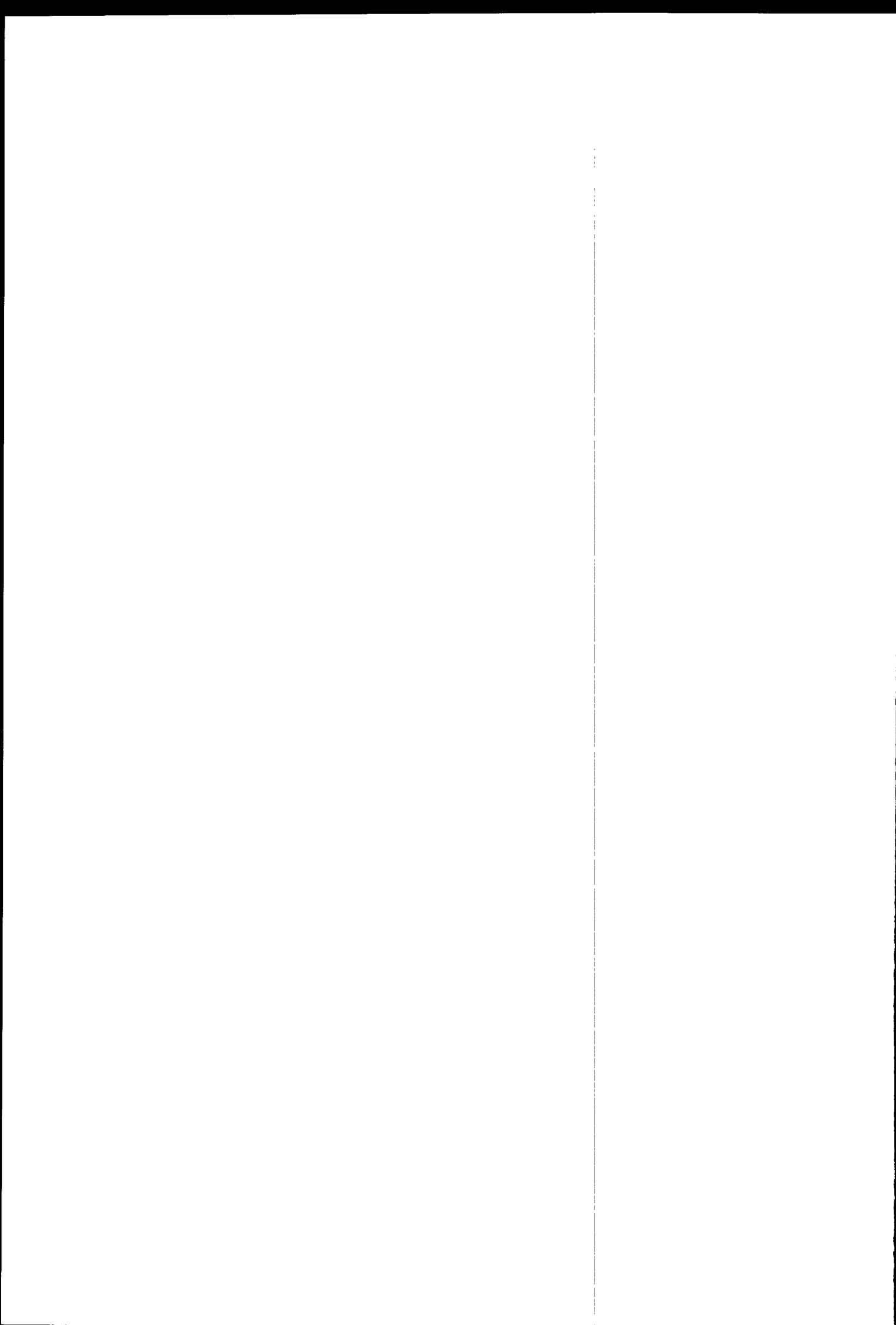
In the Community as a whole the consumer goods industry still appears to be relatively prosperous, although the replies to the more recent surveys show a certain reserve. A slight increase is noted in the percentage of managements reporting their order-books below normal; similarly, production expectations, while remaining good, have become less optimistic than at the beginning of the year. It is predicted that selling prices will show a slightly more relaxed trend.

In general, the situation in the non-durable consumer goods industries may be considered good. Demand has remained fairly steady, as the assessments of managements show; nevertheless, in the last two surveys the first signs of a decline have appeared. In garments and knitwear, after the pronounced recovery observed from the end of last year, a certain fluctuation has recently appeared following the decline in the business situation recorded in certain member countries; production expectations, however, remain very good. A more significant falling-off, on the other hand, has occurred in leather and footwear.

In the durable consumer goods industry, even though the resurgence of activity in spring has not continued, the trend appears quite good and comparable to that at the beginning of the year. In the motor vehicle industry the general climate remains quite good, with activity particularly lively at this time of year in countries where the economic situation shows an upward trend. There has been an improvement in order-book reports on metal consumer articles, including traditional articles. The trend in domestic electric appliances still remains relatively uncertain, but no further deterioration is evident; on the contrary, production expectations have become distinctly better lately.

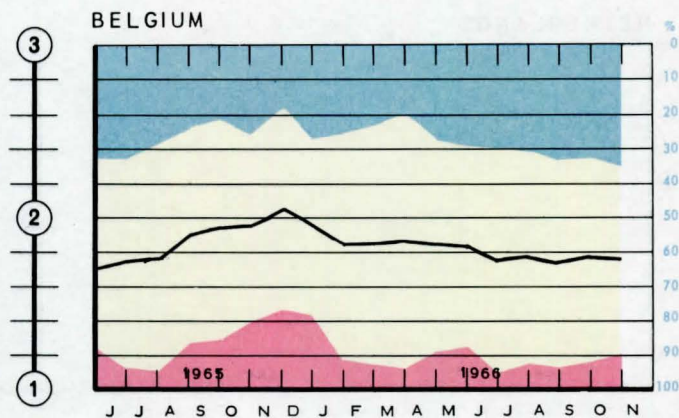
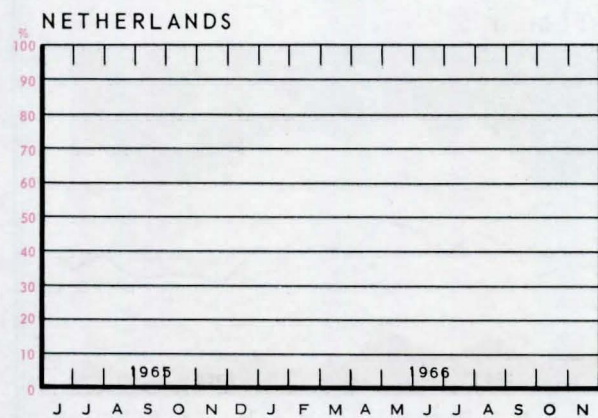
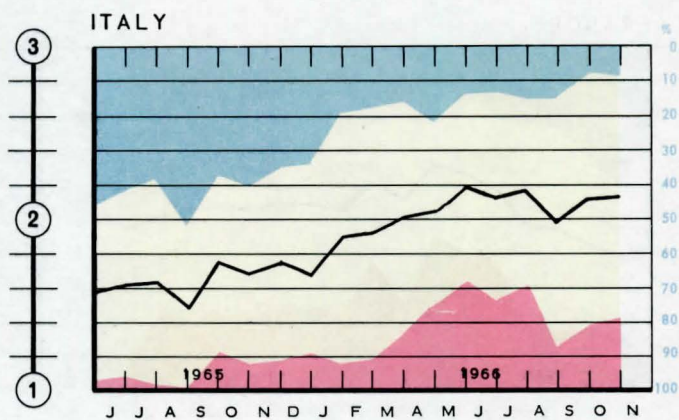
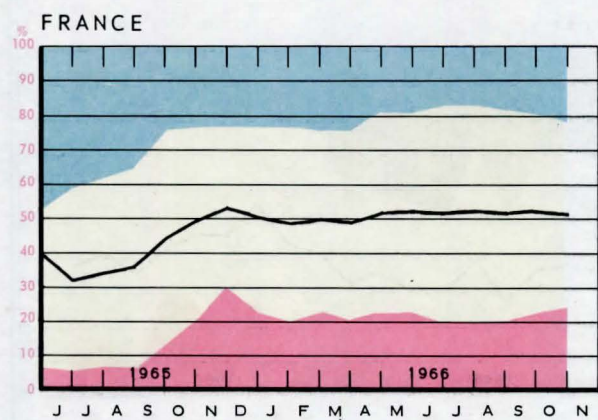
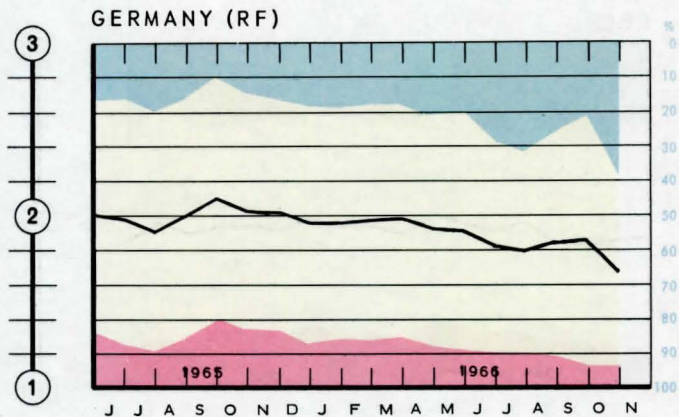
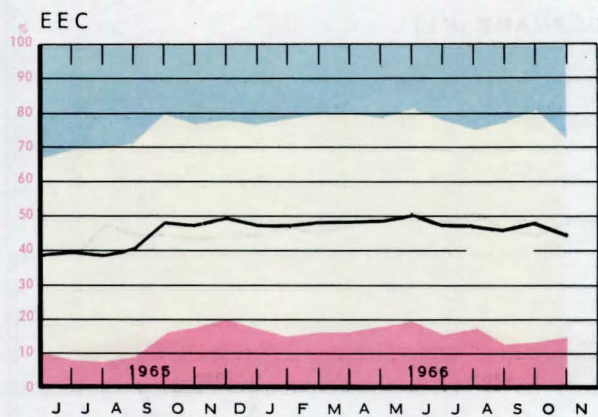
(the figures are percentages of replies received)

Country	Questions 1966	Assessments									Expectations															
		Total order-book					Export order-book				Stocks of finished products				Production					Selling prices						
		J	J	A	S	O	J	J	A	S	O	J	J	A	S	O	J	J	A	S	O	J	J	A	S	O
GERMANY (FR)	+	11	11	10	7	6	14	16	17	14	13	29	28	21	19	28	13	16	20	14	5	9	8	7	5	5
	=	60	57	64	71	56	61	59	57	70	52	62	62	72	72	65	81	77	74	77	73	86	88	89	92	92
	-	29	32	26	22	38	25	25	26	16	35	9	10	7	9	7	6	7	6	9	22	5	4	4	3	3
FRANCE	+	21	22	22	24	25	23	24	23	24	10	15	14	14	15	15	23	27	30	28	27	15	18	20	14	12
	=	62	61	60	57	54	63	62	63	56	76	72	76	78	72	71	70	67	64	66	65	80	77	75	80	81
	-	17	17	18	19	21	14	14	14	20	14	13	10	8	13	14	7	6	6	6	8	5	5	5	6	7
ITALY	+	27	31	13	20	22	28	30	8	15	12	20	25	19	16	18	13	23	28	31	27	22	14	18	17	15
	=	59	54	72	72	69	58	47	75	72	71	58	61	74	74	74	76	53	53	65	64	69	78	73	77	76
	-	14	15	15	8	9	14	23	17	13	17	22	14	7	10	8	11	24	19	4	9	9	8	9	6	9
NETHERLANDS	+																									
	=																									
	-																									
BELGIUM	+	5	8	7	9	11	8	8	5	10	10	18	17	16	10	14	21	18	13	21	13	21	25	27	25	25
	=	65	61	60	59	54	54	54	58	61	53	72	72	80	83	80	59	57	57	56	52	77	72	68	73	69
	-	30	31	33	32	35	38	38	37	29	37	10	11	4	7	6	20	25	30	23	35	2	3	5	2	6
LUXEMBOURG	+																									
	=																									
	-																									
EEC	+	17	18	14	15	16	18	19	15	16	12	22	22	18	17	21	17	21	24	22	17	14	13	14	11	10
	=	61	58	64	66	57	60	57	62	66	60	65	67	75	72	69	75	68	66	70	67	80	82	81	84	84
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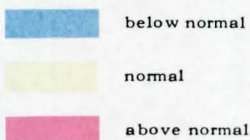
CONSUMER GOODS

Order-books



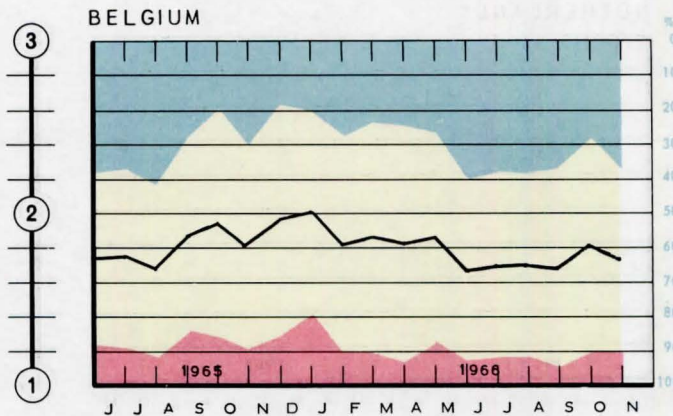
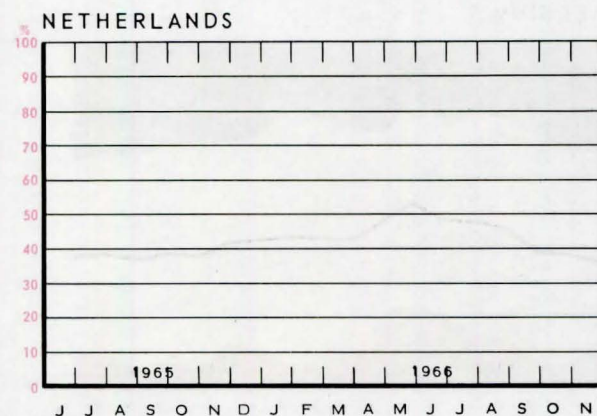
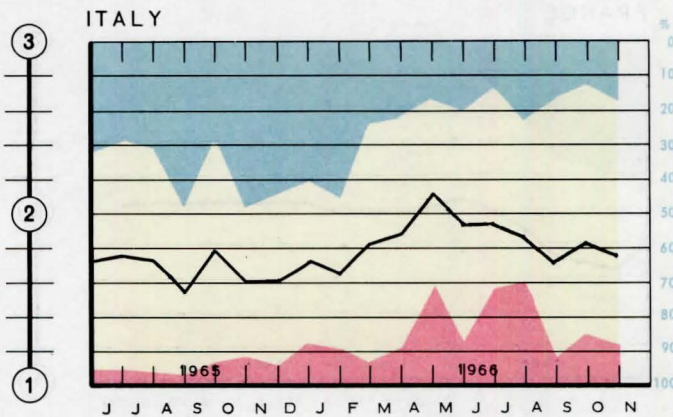
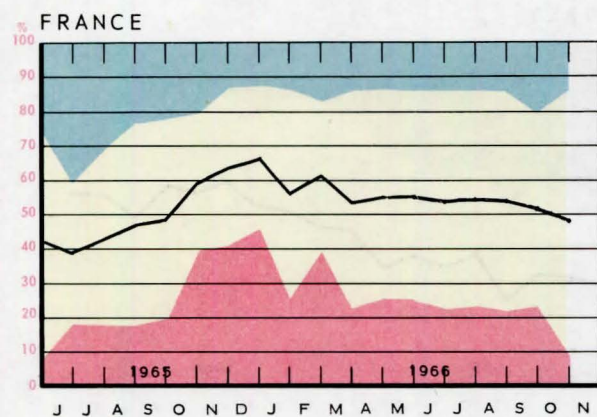
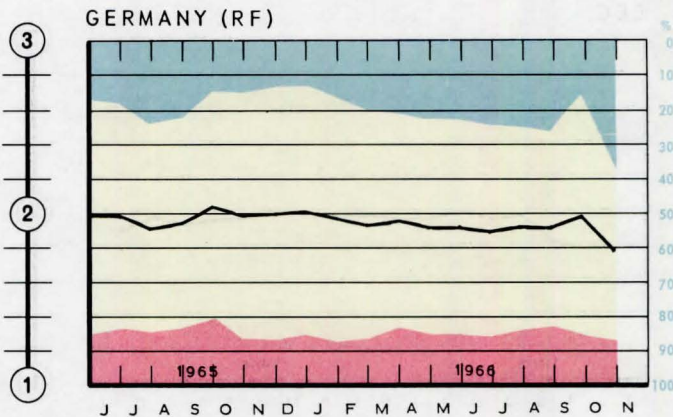
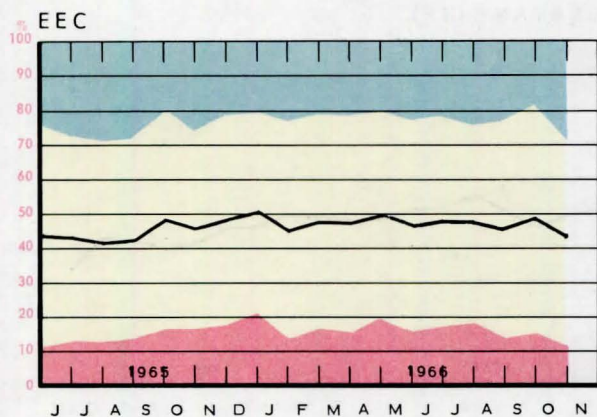
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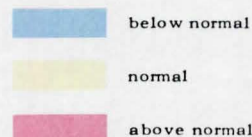
CONSUMER GOODS

Export order-books



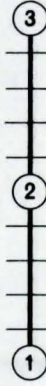
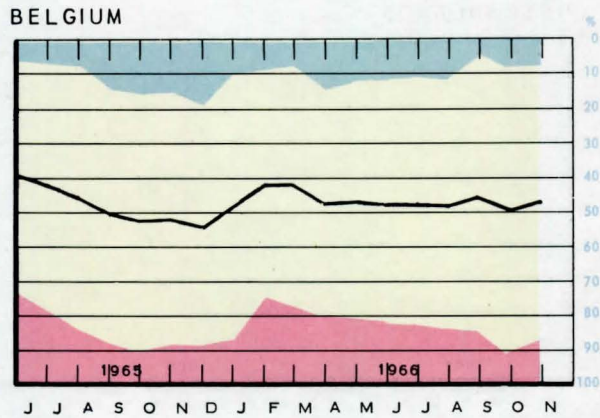
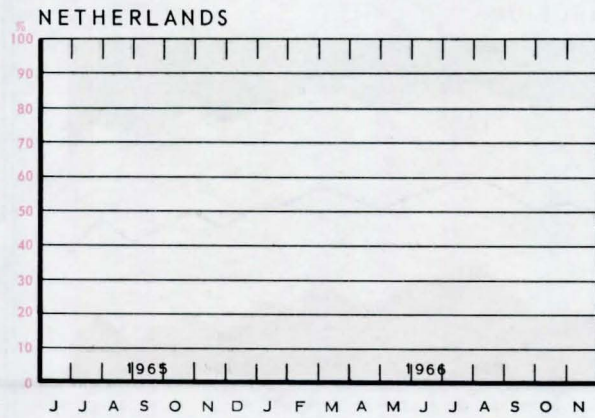
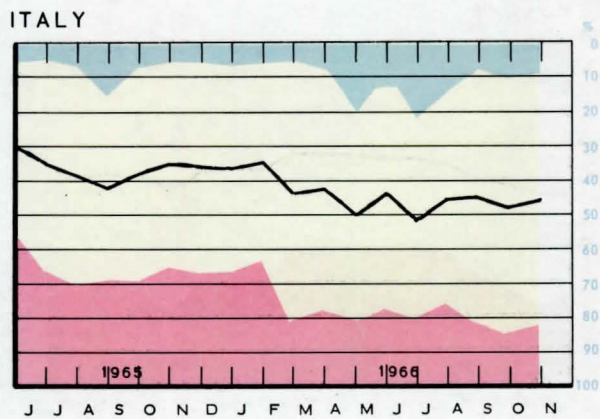
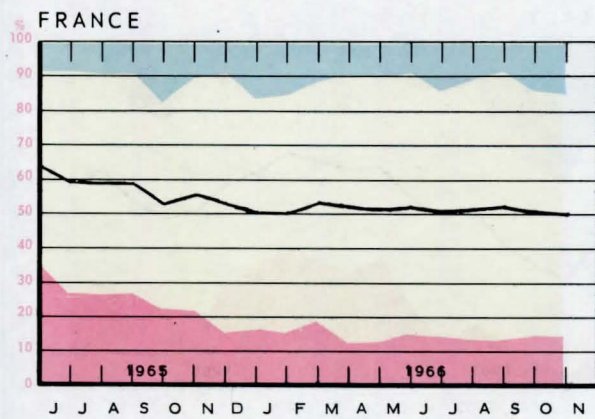
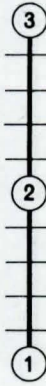
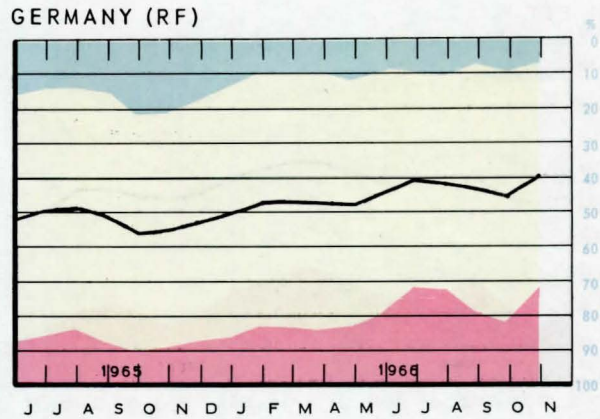
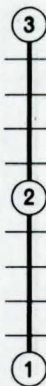
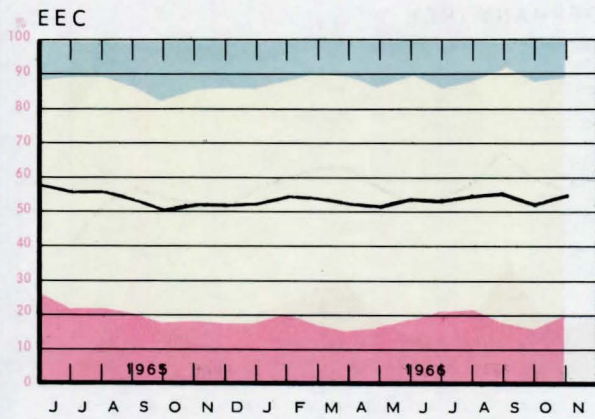
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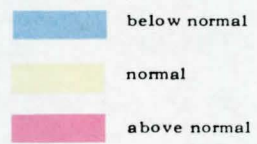
CONSUMER GOODS

Stocks of finished products



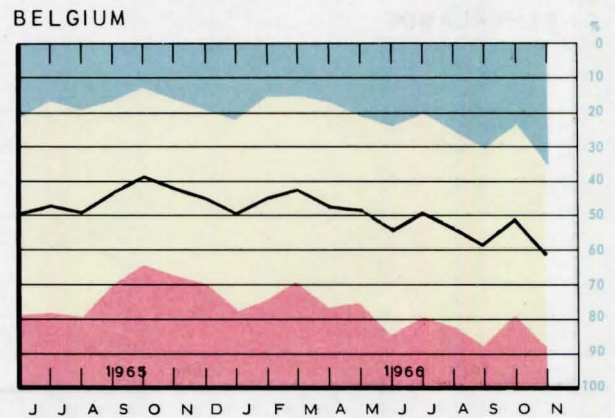
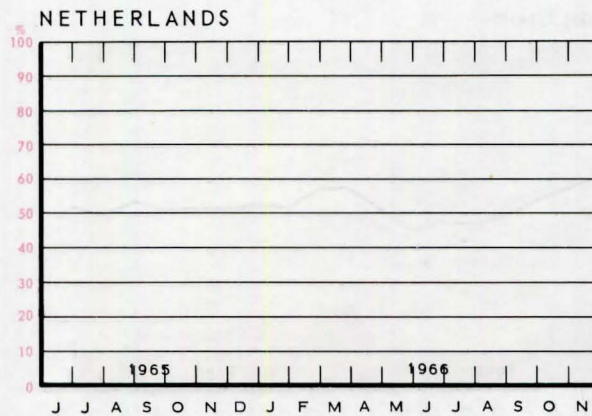
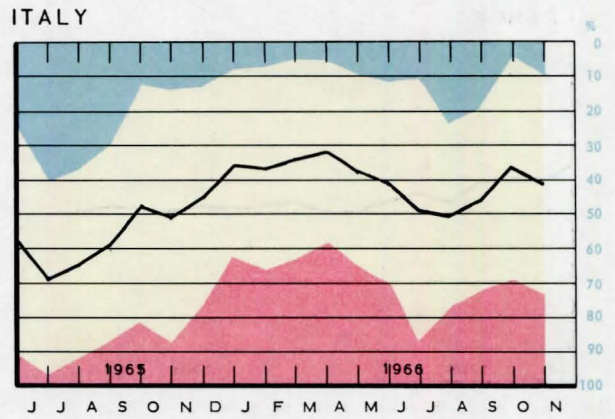
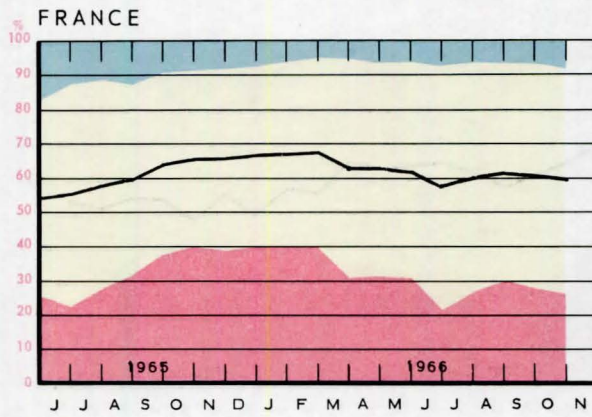
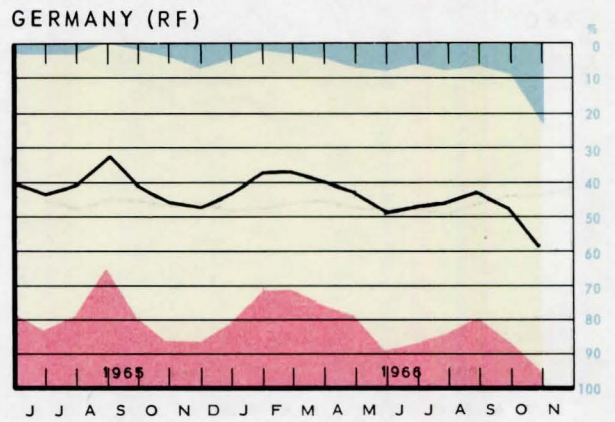
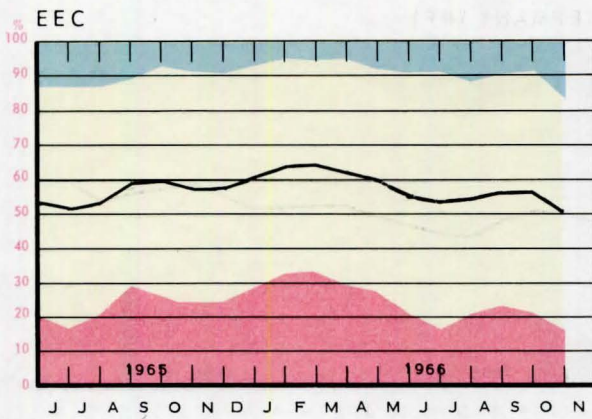
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CONSUMER GOODS

Trend in production



3
2
1

3
2
1

3
2
1

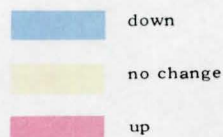
3
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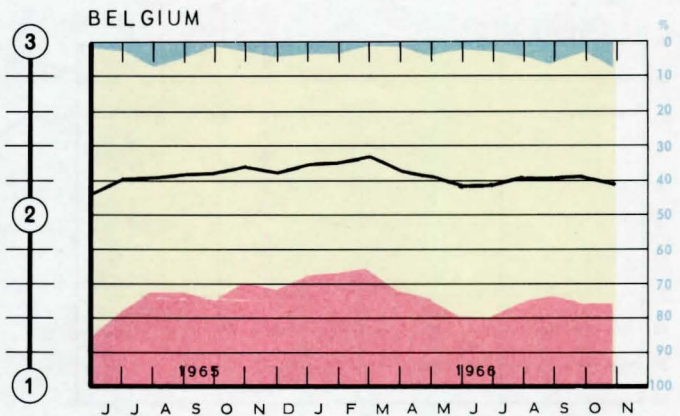
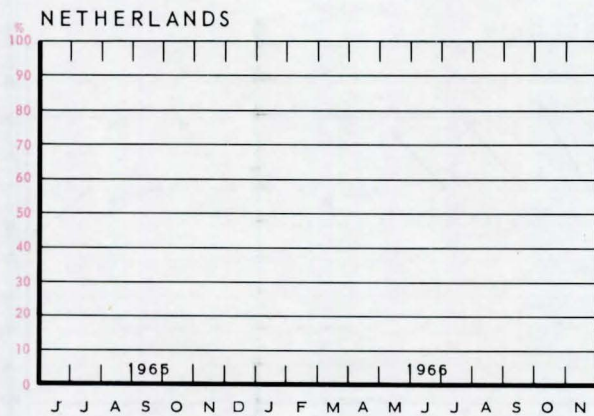
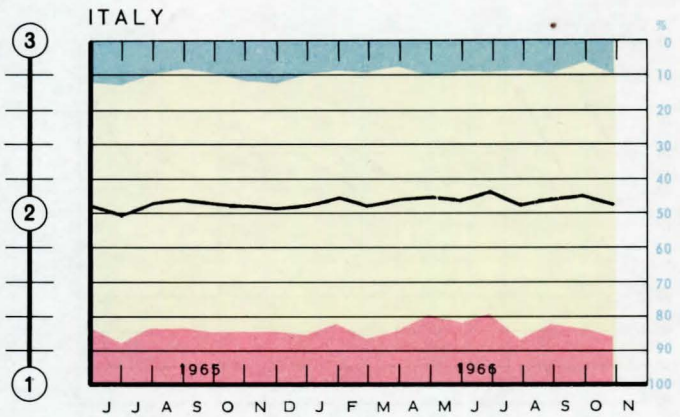
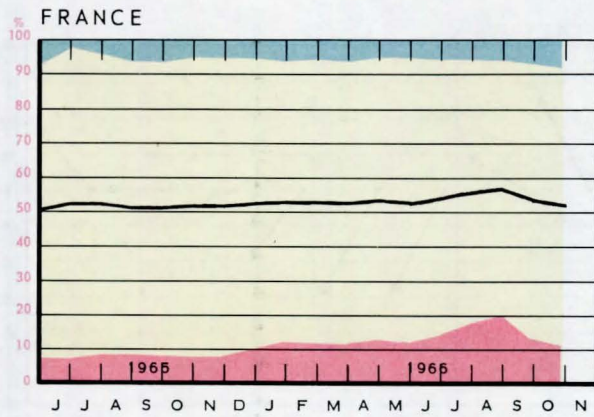
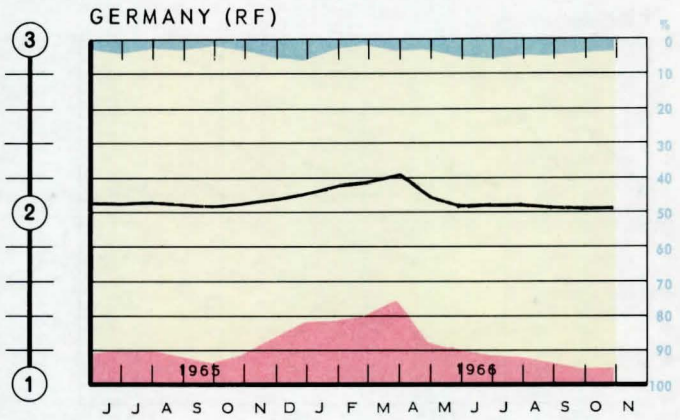
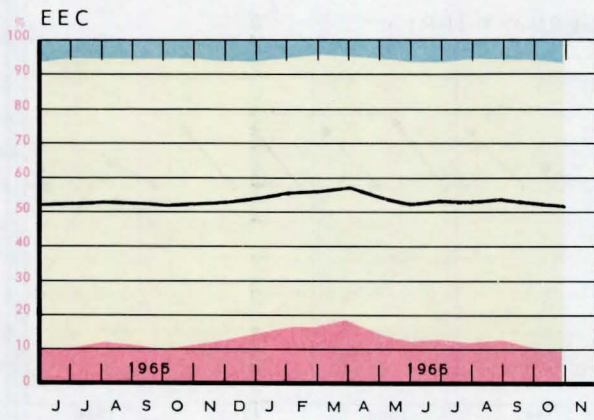
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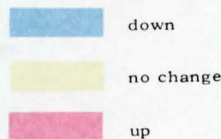
CONSUMER GOODS

Trend in selling prices



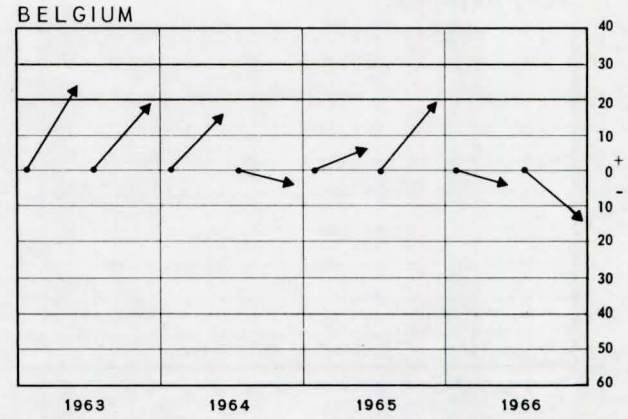
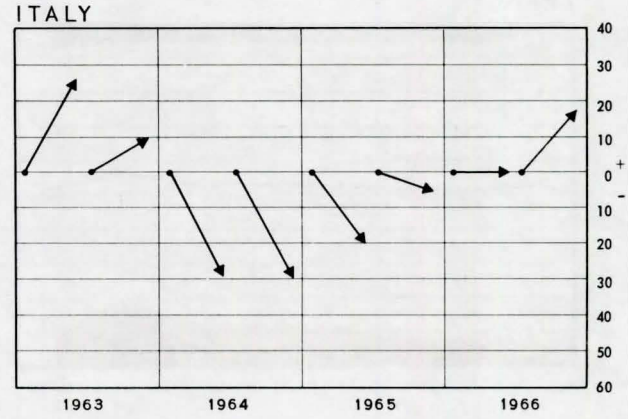
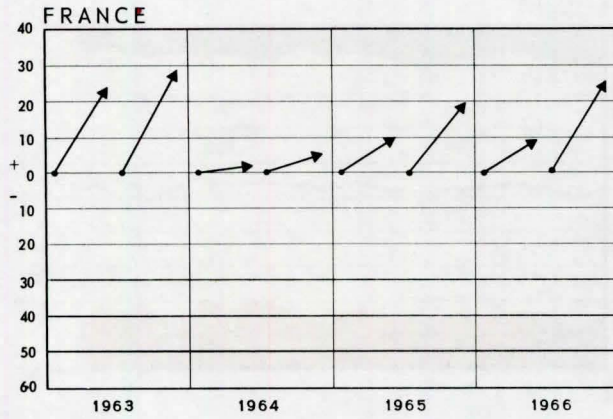
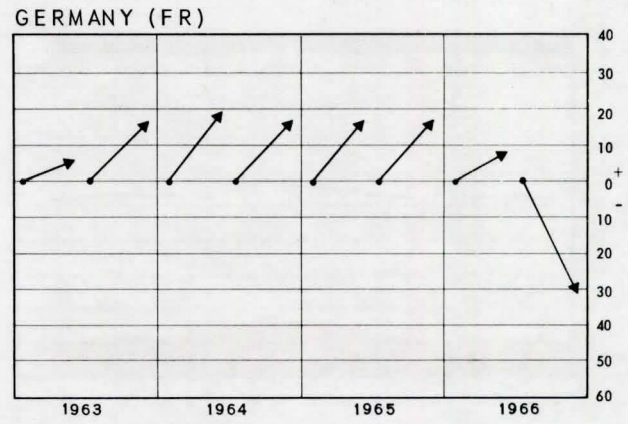
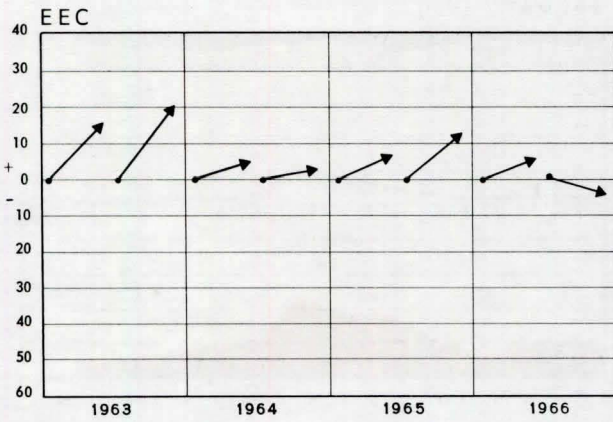
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CONSUMER GOODS

Expectations⁽¹⁾



(¹) The upward or downward slant of the arrows indicates the difference between the percentage of enterprises expecting the number of persons they employ to go up and the percentage expecting it to go down in the next 3 or 4 months ; they slant up when the majority expects the number employed to rise and down when the majority expects it to fall. This question is sent out twice a year, at the end of May and the end of October.

CAPITAL GOODS

In Germany the surveys show that activity in the capital goods industries has continued to fall off, indicating less propensity to invest. Demand is reported as continuously falling: the percentage of firms reporting their order-books as below normal increased from 31% at the end of May to 47% at the end of October, and in October only 3% reported the level of orders as above normal. Foreign demand appears to have maintained its level better but is still inadequate to compensate. There is a clear tendency for stocks to pile up. Production expectations, which had continued to be good in the preceding three years, became negative in April and definitely poor in October. The tendency to restrict manpower has been on the increase since the spring. At the same time, the strain on prices has relaxed. In industries associated with building, business activity also shows a severe loss of momentum. Order-book levels are rather low.

In France, the improvement which began at the end of summer 1965 now seems to be levelling out and the pattern of managements' replies has tended to stop shifting. In general, replies are rather more favourable regarding home demand than regarding foreign demand. The tendency for stocks to contract to normal appears to have continued, and in the most recent surveys only about 20% of managements consider their stocks too high. Production expectations are definitely optimistic, the number of replies predicting an increase being far greater than the number predicting a reduction. Thus, all in all, expansion seems certain to continue in this sector, though the rate may be influenced to some extent by the development of the export trade. The situation appears very slack, on the other hand, in industries connected with building, which are greatly affected by stagnation in residential construction and normally undergo seasonal inactivity at this time of the year.

In Italy, activity in the capital goods sector is distinctly tending to expand. Assessments of total order-books, after the very definite upward trend in the spring, have stabilized at an average level which is much more satisfactory than a year previously; the difference between the percentage of "below normal" and "above normal" replies decreased from 50% to 15%. Replies on export orders indicate that, after having appreciably improved, these are falling off somewhat because of the slowing-down of economic expansion in some member countries. The stock situation appears to have stabilized, while production expectations, after a falling-off probably due to the season, are once more very good, with approximately 95% of replies looking forward to an improvement or maintenance of the present tempo of activity. Some price strains are indicated in the replies to the most recent surveys. In industries connected with building, the slow improvement observed since the beginning of the year has been followed by a decline in the autumn, doubtless owing to seasonal influences.

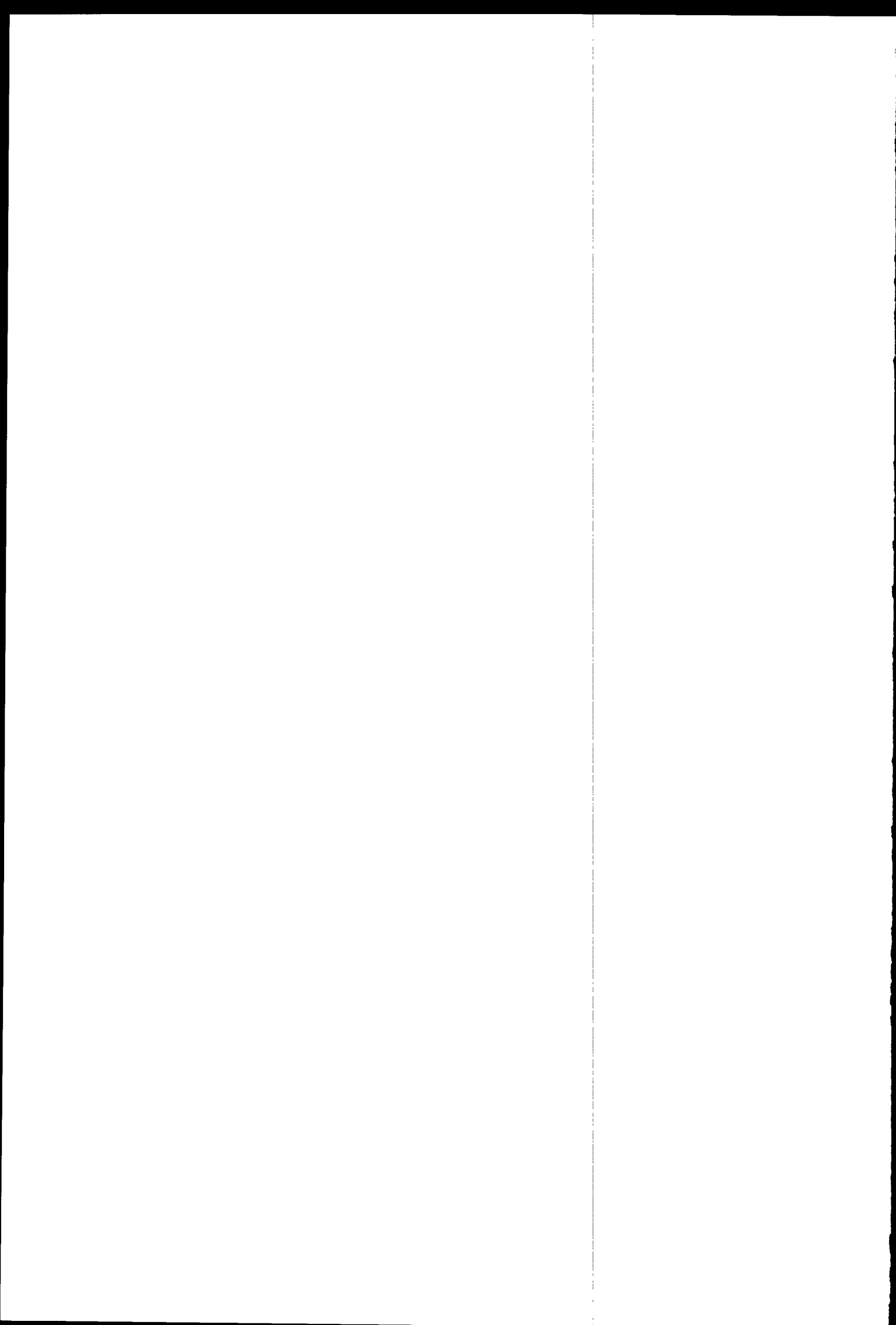
In Belgium, the general situation still appears rather unsatisfactory. The slight improvement noted in the middle of the year seems to have been largely due to a transient rise in export orders. Since then, assessments of total order-books have again taken a serious turn for the worse. At the end of October, 54% of managements report the level of orders below normal compared with 36% at the end of May, while the percentages for export order-books are respectively 60 and 35. There is a similar trend in production expectations, which at the end of October had again become rather pessimistic. Forecasts on employment show a fairly definite tendency to cut down on manpower. Strain on prices has lately tended to ease. While not good, the situation in industries associated with building appears a little less depressed, doubtless because the building sector has been buoyed up by the constant expansion of public works.

In the Community as a whole, the slight upswing recorded in the last report did not continue long but gave way to a further decline. The increase in demand in Italy and France has proved inadequate to compensate for the manifest slowing-down noted in Belgium and more particularly in Germany. In the more recent surveys production expectations are negative once again, and the rise in prices has definitely slowed down.

The commercial vehicle industry, after a slight improvement in the spring, again appears to have encountered certain difficulties, connected partly with a loss of momentum in the general economic expansion and partly, in the case of heavy vehicles, with the fairly general slack situation in the building industry. There has been a somewhat similar development in mechanical equipment (other than electrical), in which, after the upsurge in the spring, the order situation worsened again, regaining the level of the beginning of the year. Assessments of export order-books are, however, a little better. In the electrical equipment industry, too, there has been a certain decline, but at Community level the general climate does not appear too depressed and production expectations, in particular, remain relatively optimistic.

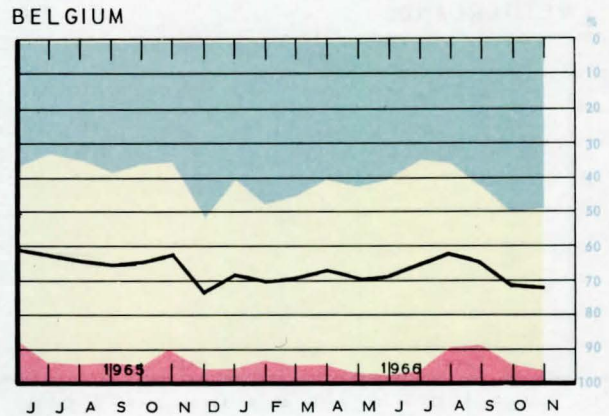
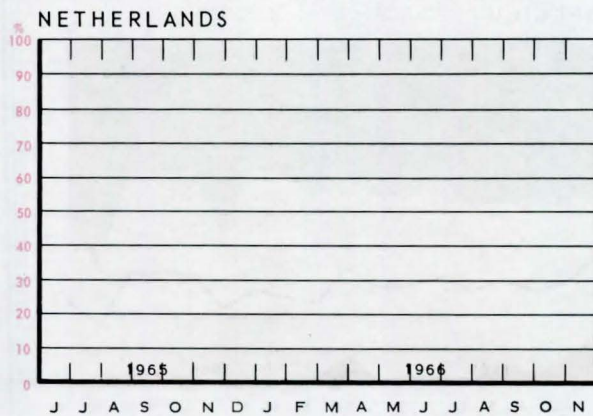
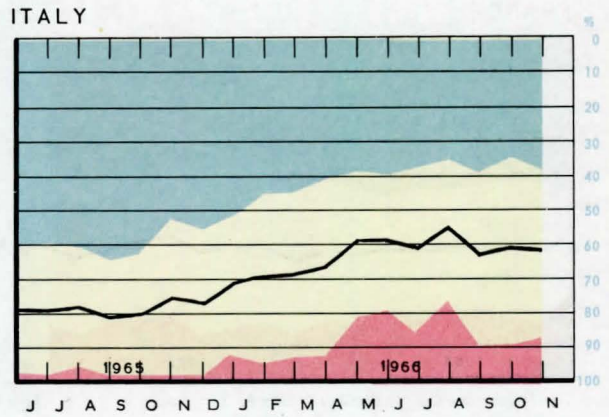
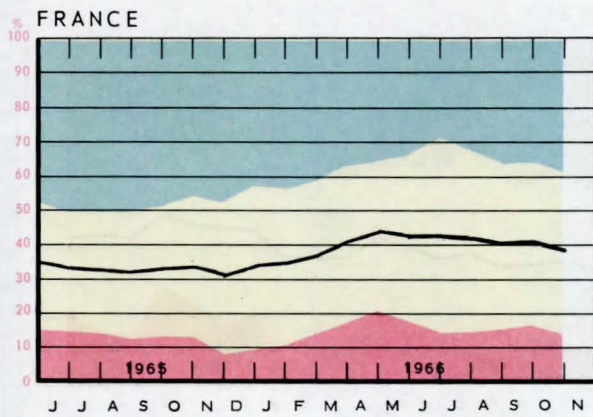
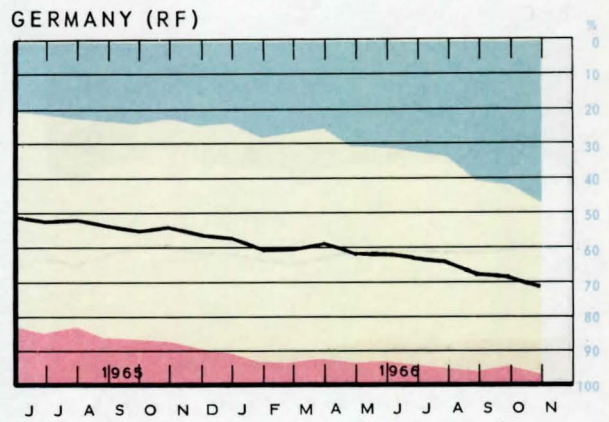
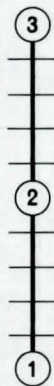
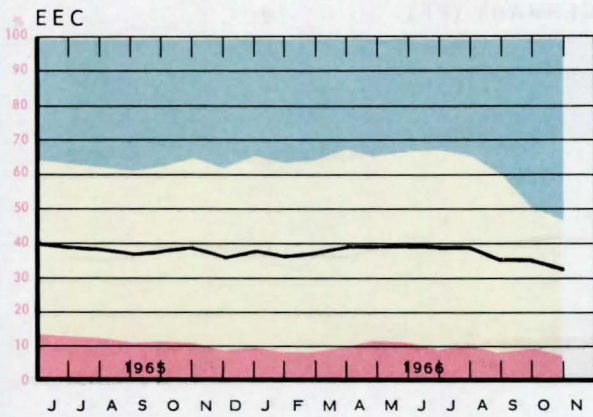
(the figures are percentages of replies received)

Questions Country	1966	Assessments															Expectations									
		Total order-book					Export order-book					Stocks of finished products					Production					Selling prices				
		J	J	A	S	O	J	J	A	S	O	J	J	A	S	O	J	J	A	S	O	J	J	A	S	O
GERMANY (FR)	+	6	5	4	5	3	13	11	10	10	10	20	20	22	23	24	7	6	9	7	4	7	5	3	4	3
	=	61	61	56	53	51	56	56	54	53	53	74	74	73	71	71	83	81	75	72	68	91	91	91	90	90
	-	33	34	40	42	46	31	33	36	37	37	6	6	5	6	5	10	13	16	21	28	2	4	6	6	7
FRANCE	+	15	16	16	17	15	20	19	18	15	17	21	21	21	19	24	24	27	29	29	25	17	15	13	13	16
	=	56	52	48	48	47	45	43	42	43	45	72	72	72	72	68	68	65	63	62	63	79	80	81	82	76
	-	29	32	36	35	38	35	38	40	42	38	7	7	7	9	8	8	8	8	9	12	4	5	6	5	8
ITALY	+	15	24	11	11	13	24	29	15	16	21	21	20	17	21	23	17	14	17	17	16	16	17	14	19	21
	=	48	41	51	55	49	47	42	56	57	45	69	71	79	71	69	66	67	68	68	69	72	73	77	75	71
	-	37	35	38	34	38	29	29	29	27	34	10	9	4	8	8	17	19	15	15	15	12	10	9	6	8
NETHERLANDS	+																									
	=																									
	-																									
BELGIUM	+	4	11	12	6	4	3	5	4	3	1	18	19	17	18	19	15	20	15	8	9	18	17	29	14	13
	=	62	54	47	45	48	60	58	59	31	48	71	67	71	73	71	62	57	61	60	57	77	72	68	80	73
	-	34	35	41	49	48	37	37	37	66	51	11	14	12	9	10	23	23	24	32	34	5	11	3	6	14
LUXEMBOURG	+																									
	=																									
	-																									
EEC	+	10	11	9	10	8	14	14	12	11	12	21	20	21	21	24	14	14	17	15	12	12	11	9	9	10
	=	58	55	53	51	50	54	52	52	49	50	72	73	73	72	69	75	73	69	68	67	84	83	85	85	82
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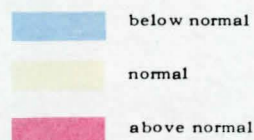
CAPITAL GOODS

Order-books



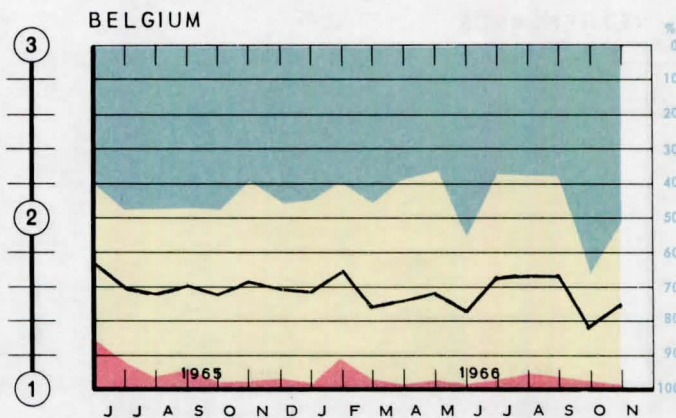
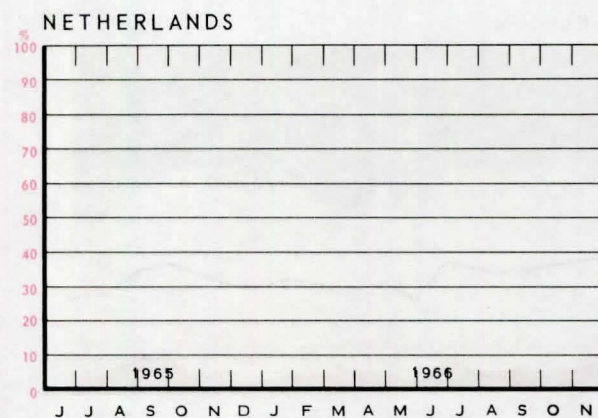
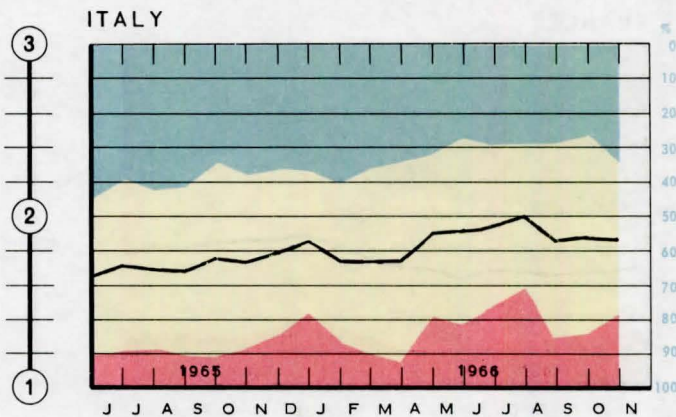
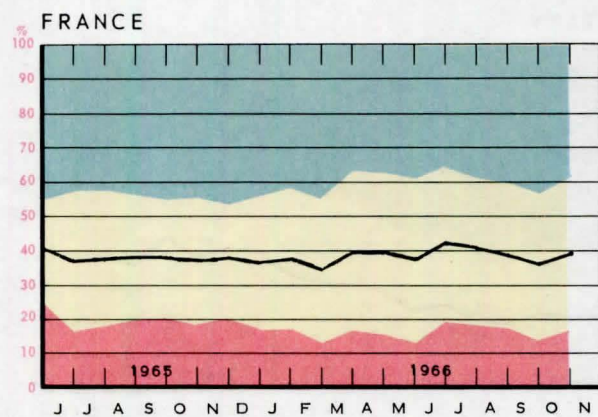
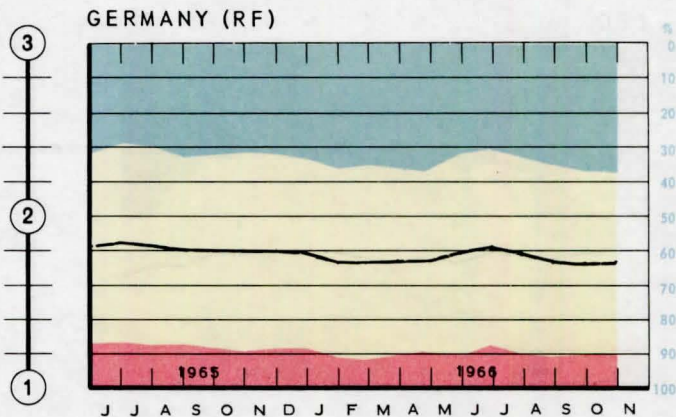
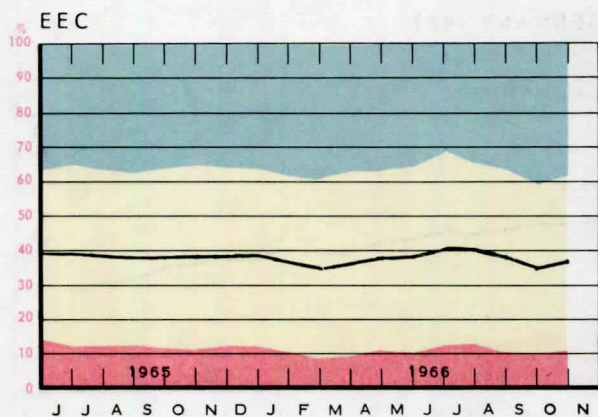
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

- by 0.03 for the answer "above normal" ;
- by 0.02 for the answer "normal" ;
- by 0.01 for the answer "below normal" ;



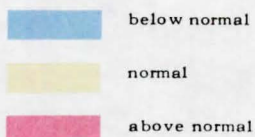
CAPITAL GOODS

Export order-books



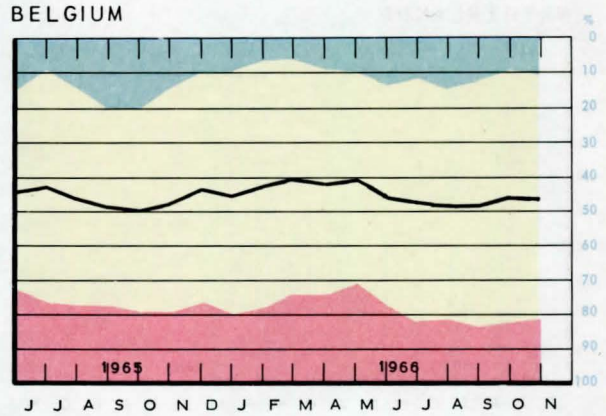
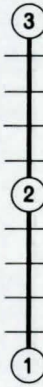
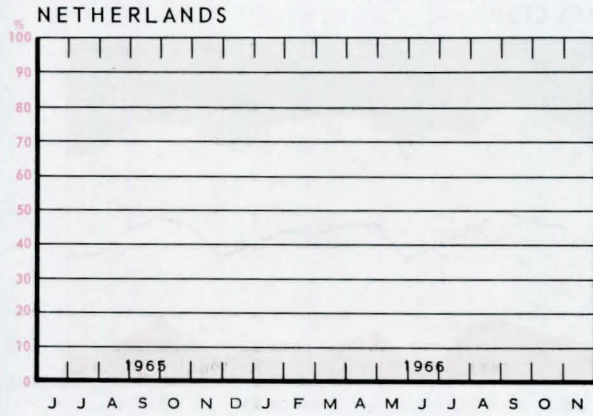
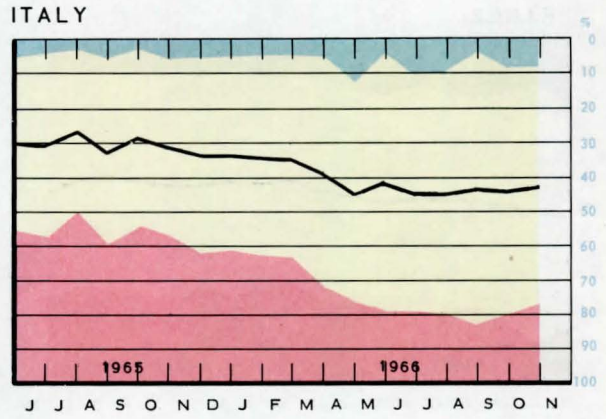
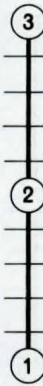
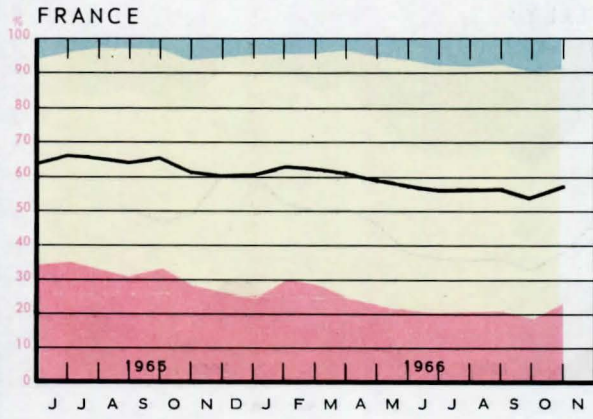
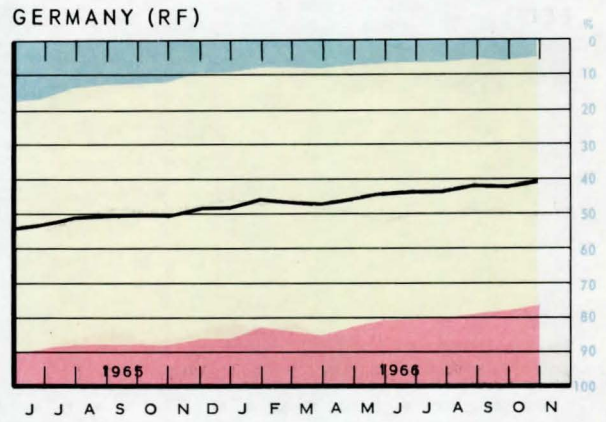
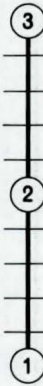
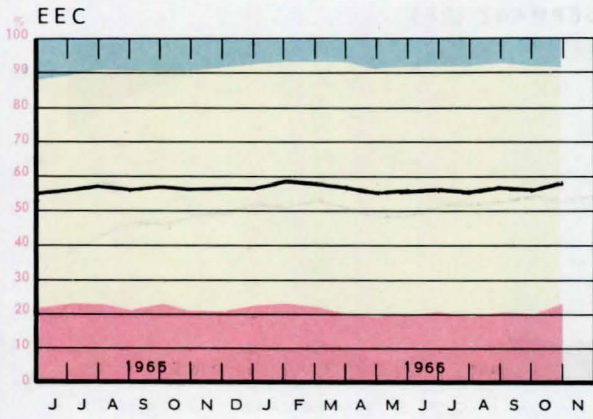
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- by 0.03 for the answer "above normal" ;
- by 0.02 for the answer "normal" ;
- by 0.01 for the answer "below normal" ;



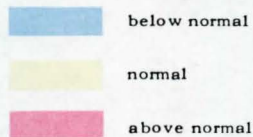
CAPITAL GOODS

Stocks of finished products



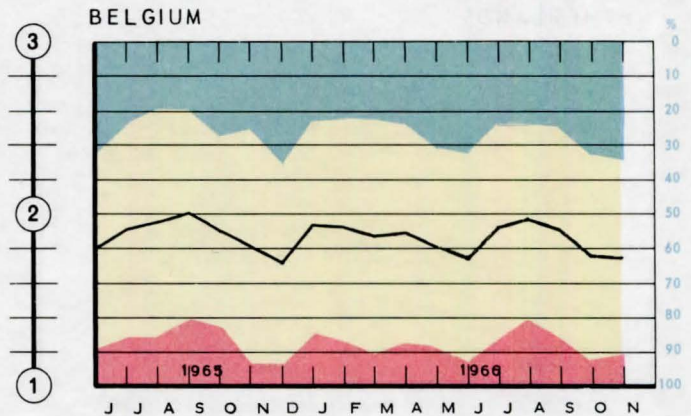
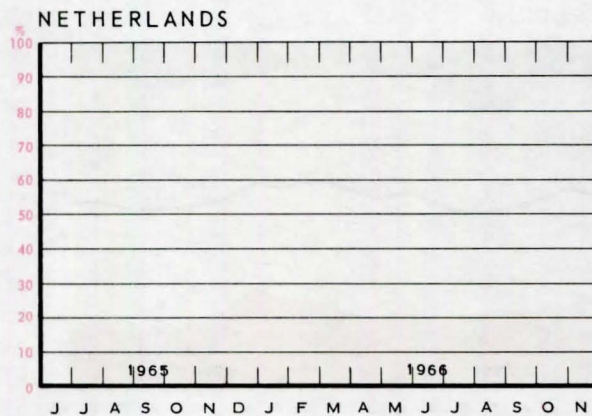
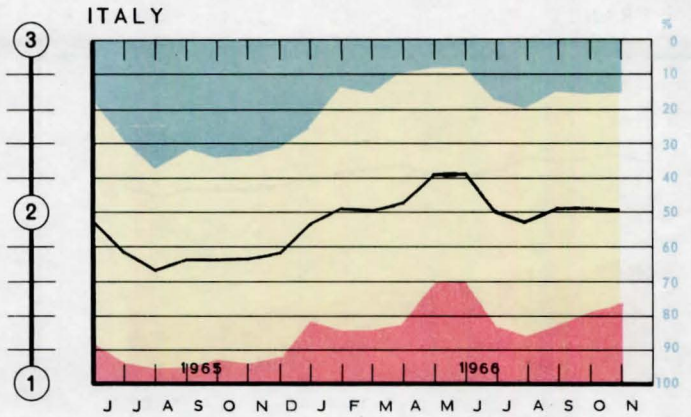
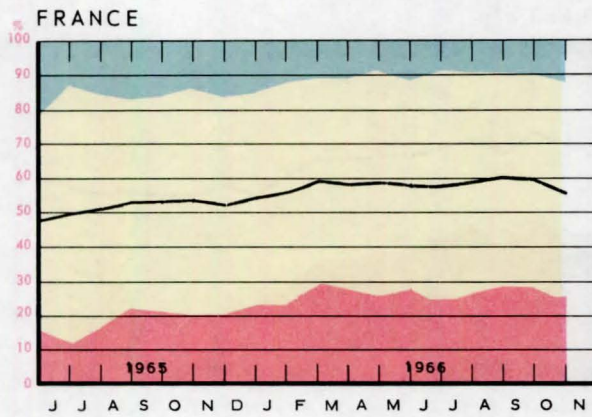
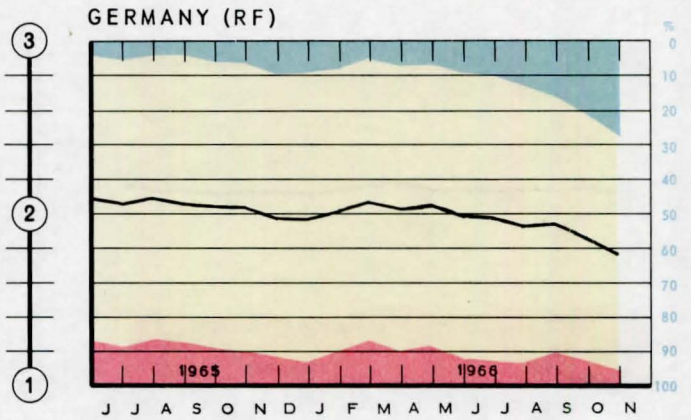
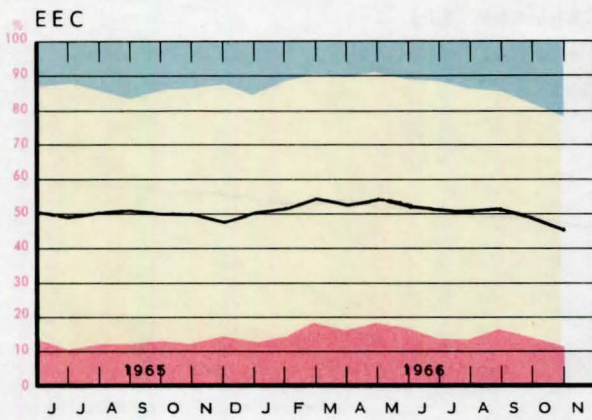
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

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- by 0.02 for the answer "normal" ;
- by 0.01 for the answer "below normal" ;



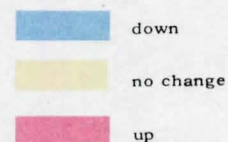
CAPITAL GOODS

Trend in production



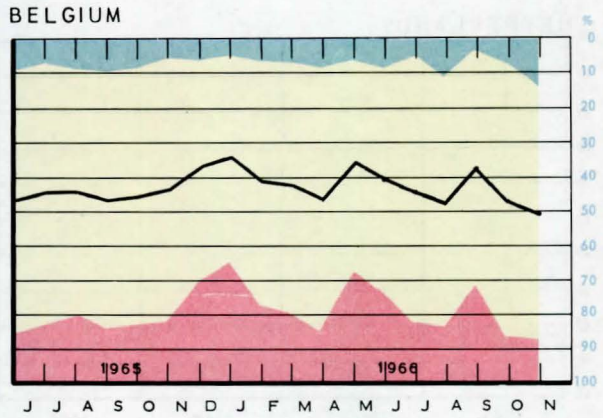
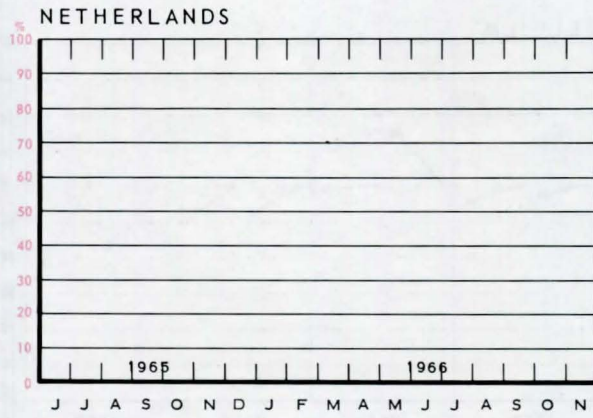
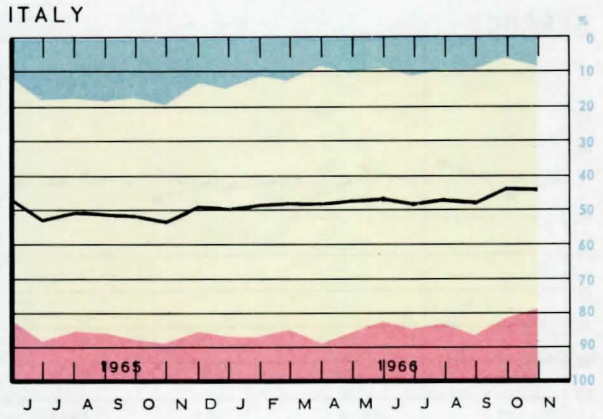
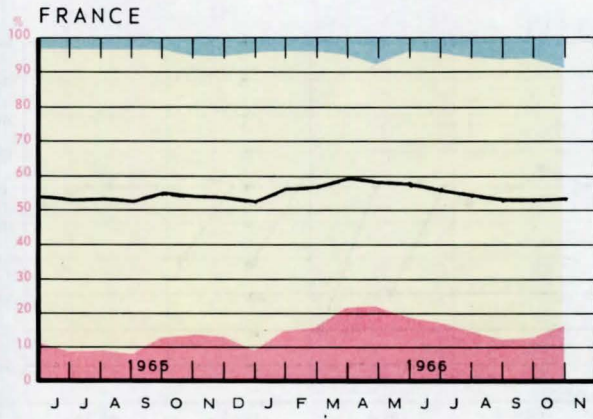
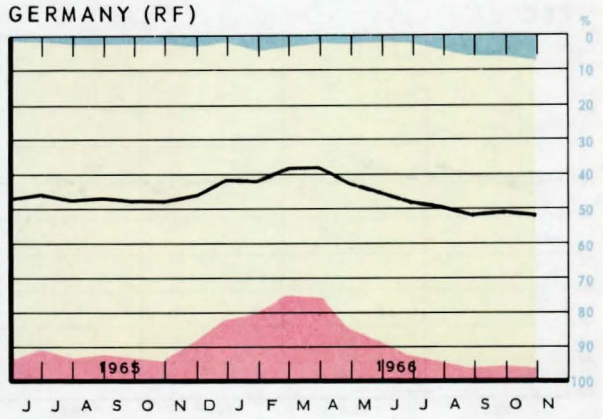
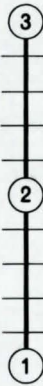
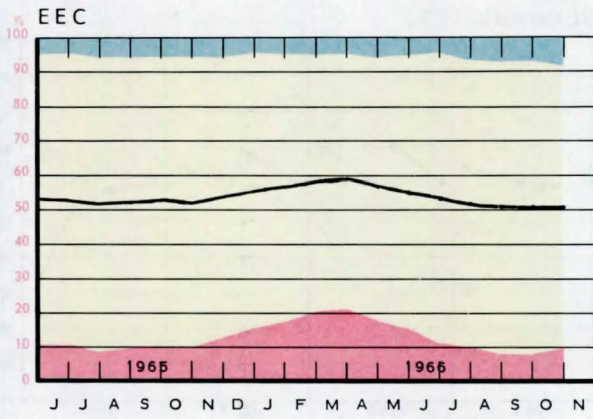
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

- by 0.03 for the answer "up";
- by 0.02 for the answer "no change";
- by 0.01 for the answer "down".



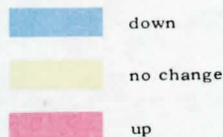
CAPITAL GOODS

Trend in selling prices



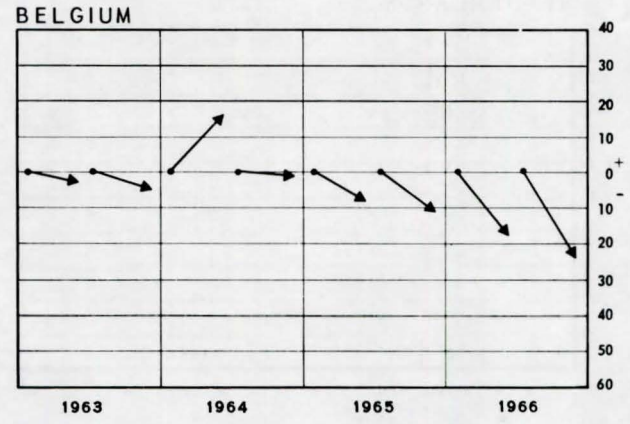
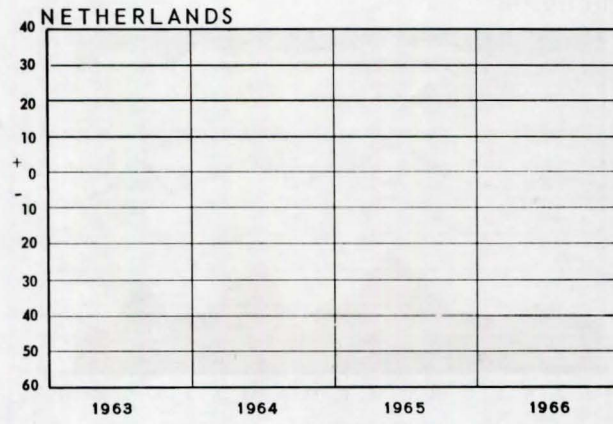
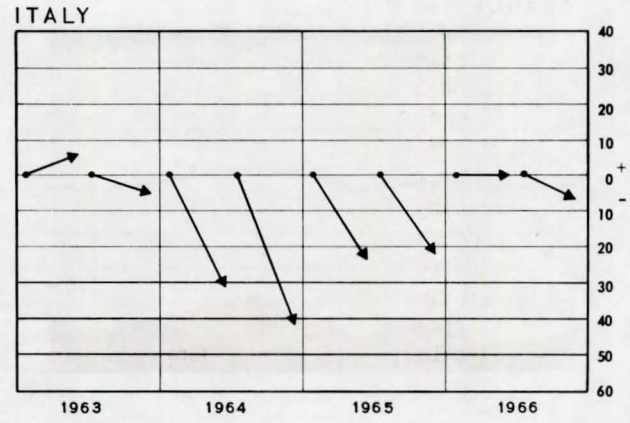
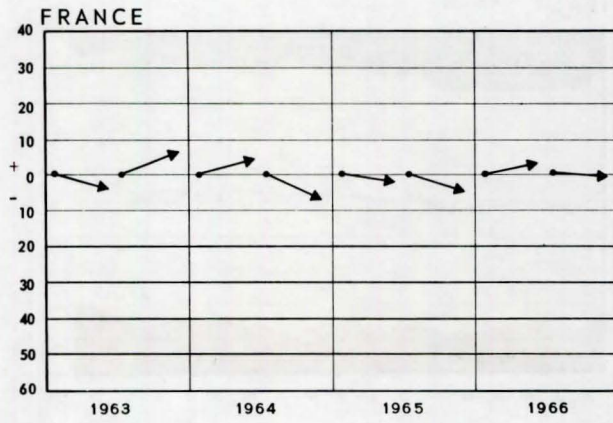
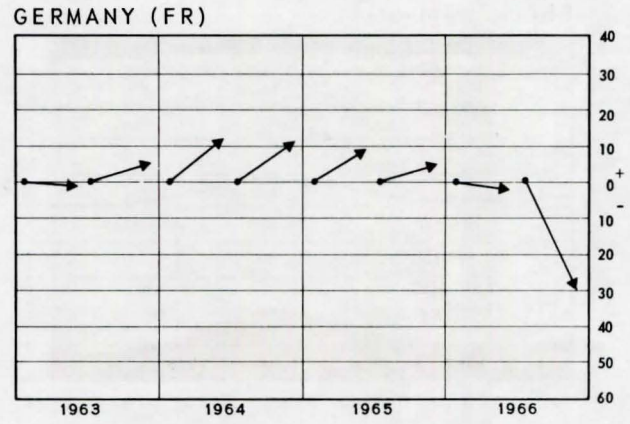
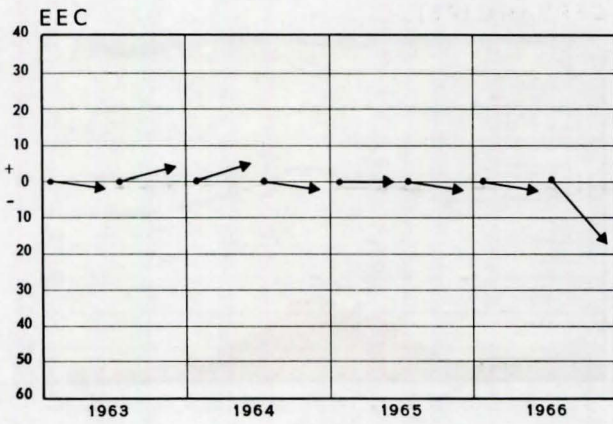
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

- by 0.03 for the answer "up" ;
- by 0.02 for the answer "no change" ;
- by 0.01 for the answer "down" .



CAPITAL GOODS

Expectations (¹)



(¹) The upward or downward slant of the arrows indicates the difference between the percentage of enterprises expecting the number of persons they employ to go up and the percentage expecting it to go down in the next 3 or 4 months; they slant up when the majority expects the number employed to rise and down when the majority expects it to fall. This question is sent out twice a year, at the end of May and the end of October.

INTERMEDIATE GOODS

In Germany the intermediate goods sector, which had been feeling the effects of the decline in activity in the capital goods industries, appears from the surveys to be suffering also from the recent falling-off in expansion of consumption. In the individual industries, however, development still varies because, though some of them are suffering from the general slowing-down of the economy together with structural difficulties, others are still benefiting from their inherent vigour. In general, assessments of total order-books, which were already very unpromising, have recently deteriorated still further. The climate has been less bad for export orders, the pressure of which may have partially made up for the lull in home demand. There has been a certain accumulation of stocks, while output expectations have shown a definitely negative trend: the percentage of firms predicting a drop in their production increased from 7% at the end of May to 21% at the end of October. Price strains, still severe in the early months of the year, have since definitely relaxed.

In France, after the appreciable improvement in results of surveys up to the middle of summer 1966, recovery reached a certain ceiling. While the development of demand as reflected in assessments of order-books appears on the whole promising, it has continued to vary according to the type of industry, being vigorous in the industries serving the consumer industries or supplying certain basic products for industry and agriculture, and sluggish in the heavy industries, which are still experiencing the effects of foreign competition. Verdicts on stocks have changed little since the beginning of the year, with approximately three quarters of managements still reporting a normal level. Production expectations, which are on the whole stable, are optimistic; nevertheless, the latest survey has shown a certain tendency to reduce manpower. In general, it appears likely that expansion will continue at a similar rate in the coming months.

In Italy, the intermediate goods industries, especially those serving the consumer industries, have held a steady course for some months. Assessments of order-books are on the whole optimistic, and show a tendency to improve, if anything. On the other hand, reports on export orders have become slightly more reserved. In particular, heavy industry has been stimulated by the improvement in domestic investment, while the somewhat fluctuating export orders may reflect a certain contraction. Most managements report their stocks as unchanged, but there is a slight tendency for them to contract. Production expectations, while remaining definitely good, have not shown any significant change either; the faint tendency to reduce manpower appears to be ceasing.

In Belgium, it is now evident that the slight improvement noted towards the end of 1965 and early in 1966 has not continued during the year; since March the situation according to the surveys appears to have deteriorated appreciably. Demand has faltered, as is shown by the increasingly high proportion of managements reporting the order level as low (24% at the end of March, 35% at the end of October). Reports on stocks again indicate a slight tendency to accumulate. Production expectations, which were still good at the beginning of the year, have since manifestly deteriorated and become rather pessimistic; thus, in October 26% of managements forecast a drop and 11% a rise. The generally rather unpromising development just described is to a large extent due to increasing contraction in certain industries serving the consumer industries. A definite relaxation of price strain is discernible in the latest surveys.

For the Community as a whole, the improvement noted in the last report has not continued but has given way to a further loss of momentum, though this has remained limited and has not been general for all the countries. By and large, production expectations remain good.

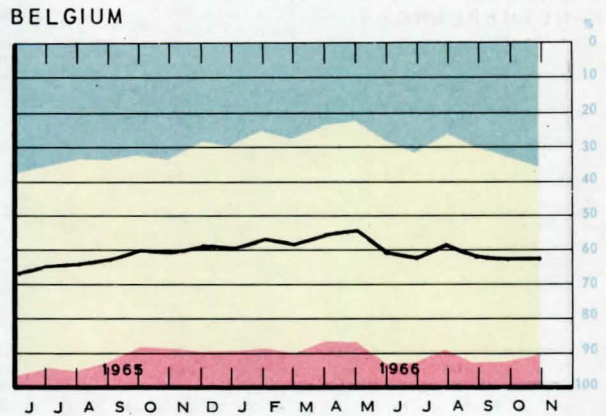
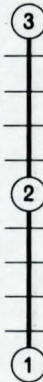
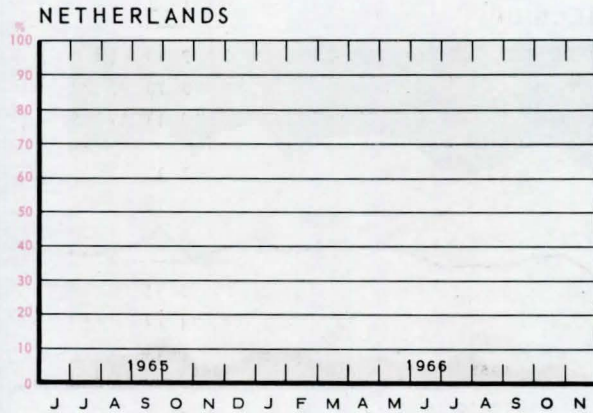
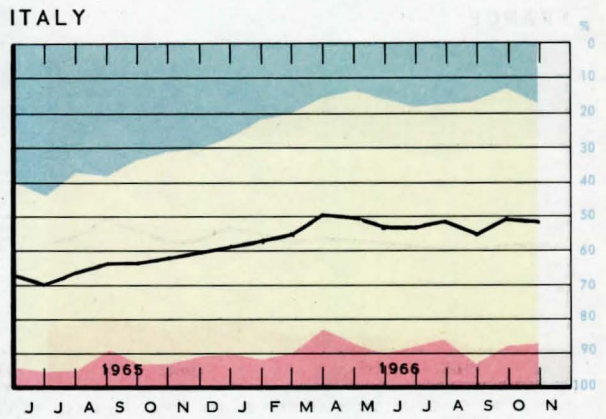
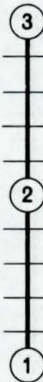
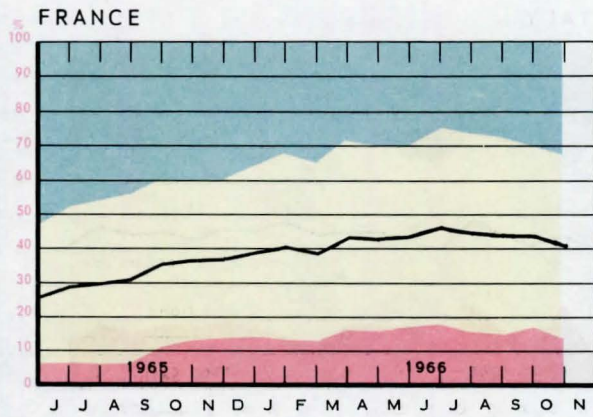
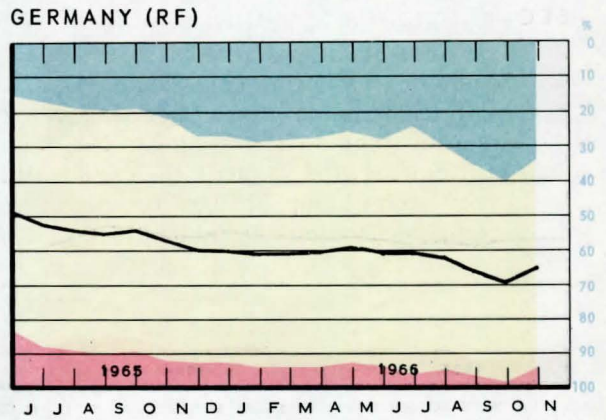
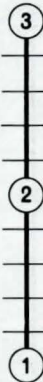
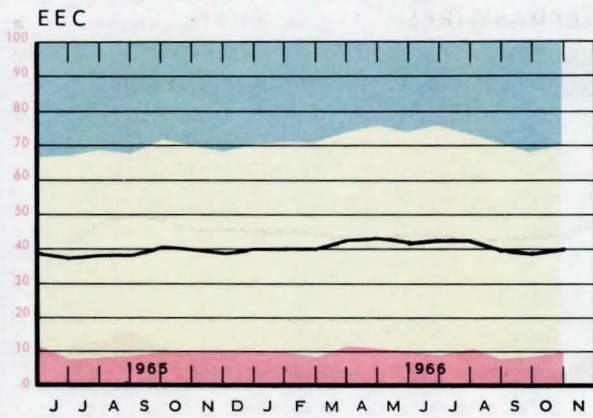
In textiles, the situation is still quite good, although there are signs of uncertainty in some countries as a result of the slackening-off affecting the clothing industries. The situation in the rubber industry appears fairly stable and still relatively satisfactory, doubtless thanks to the support of the motor industry. Nevertheless, forecasts of production have become less optimistic lately. The replies of managements still indicate a distinct tendency for prices to rise, although this was rather less marked than in the spring. The iron and steel industry is in the grip of structural difficulties and is still in an unhealthy state, as the managements' replies show; no very significant change is, however, apparent in assessments of demand, some compensation having taken place at Community level.

(the figures are percentages of replies received)

Country	Questions 1966	Assessments															Expectations									
		Total order-book					Export order-book					Stocks of finished products					Production					Selling prices				
		J	J	A	S	O	J	J	A	S	O	J	J	A	S	O	J	J	A	S	O	J	J	A	S	O
GERMANY (FR)	+	4	5	3	2	5	9	12	17	14	12	13	15	17	18	20	7	9	13	8	6	9	11	9	6	9
	=	71	65	62	58	60	75	73	67	68	60	85	83	82	81	79	86	83	78	76	73	78	78	80	79	75
	-	25	30	35	40	35	16	15	16	18	28	2	2	1	1	1	7	8	9	16	21	13	11	11	15	16
FRANCE	+	18	16	15	17	14	17	19	21	19	18	16	16	14	17	15	23	23	22	25	23	17	17	17	16	13
	=	57	58	58	54	54	52	55	57	51	48	76	77	79	75	78	71	72	73	68	70	75	76	76	76	76
	-	25	26	27	29	32	31	26	22	30	34	8	7	7	8	7	6	5	5	7	7	8	7	7	8	11
ITALY	+	12	14	7	12	13	18	20	17	20	14	18	17	20	16	18	17	13	17	20	17	10	11	8	13	12
	=	70	69	76	75	71	52	52	56	54	56	76	75	74	76	76	74	79	79	76	75	84	79	87	81	78
	-	18	17	17	13	16	30	28	27	26	30	6	8	6	8	6	9	8	4	4	8	6	10	5	6	10
NETHERLANDS	+																									
	=																									
	-																									
BELGIUM	+	7	11	7	8	10	8	16	10	9	8	18	16	18	23	19	6	11	15	12	11	14	13	9	11	7
	=	62	62	63	59	55	59	60	63	59	61	76	77	76	67	71	74	73	66	67	63	75	79	71	67	62
	-	31	27	30	33	35	33	24	27	32	31	6	7	6	10	10	20	16	19	21	26	11	8	20	22	31
LUXEMBOURG	+																									
	=																									
	-																									
EEC	+	10	11	8	9	10	12	15	16	15	13	15	16	17	18	18	14	14	16	16	14	12	14	12	11	11
	=	66	63	63	60	60	64	64	63	60	57	81	79	79	77	78	78	79	76	73	72	78	77	79	78	75
	-	24	26	29	31	30	24	21	21	25	30	4	5	4	5	4	8	7	8	11	14	10	9	9	11	14

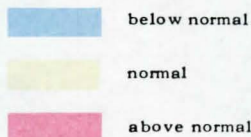
INTERMEDIATE GOODS

Order-books



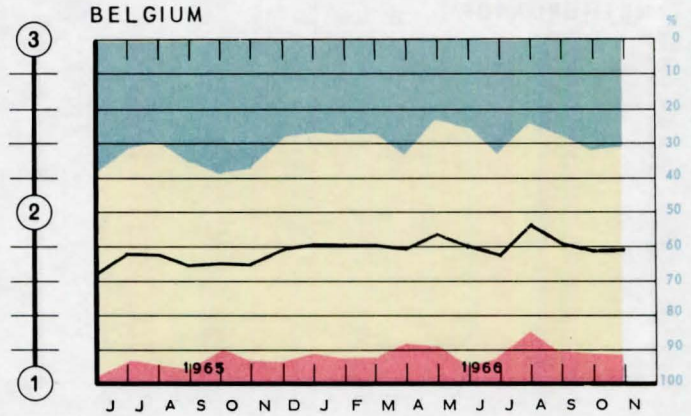
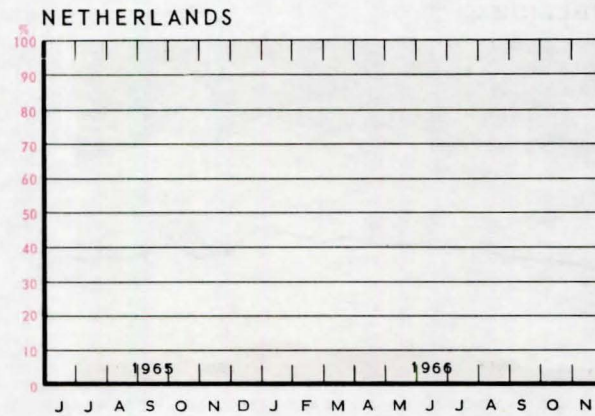
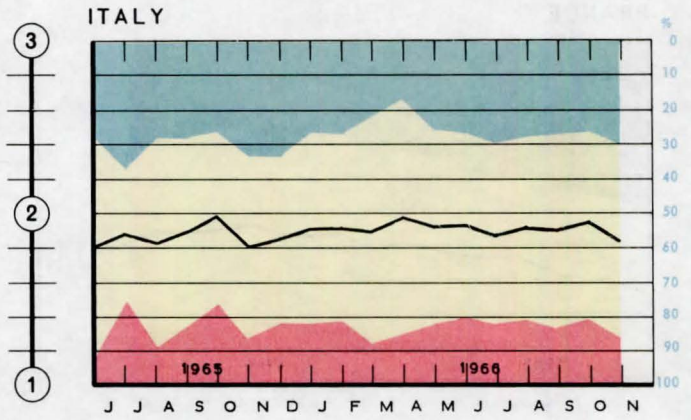
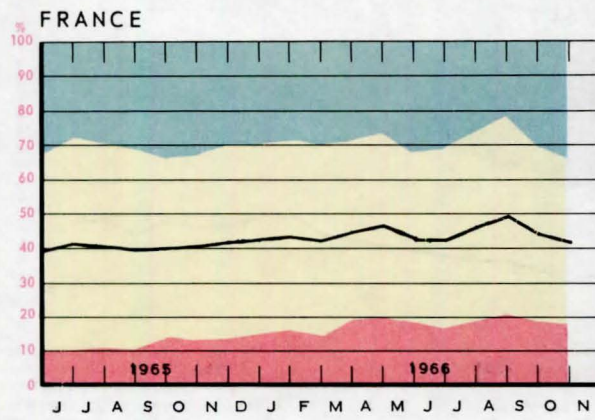
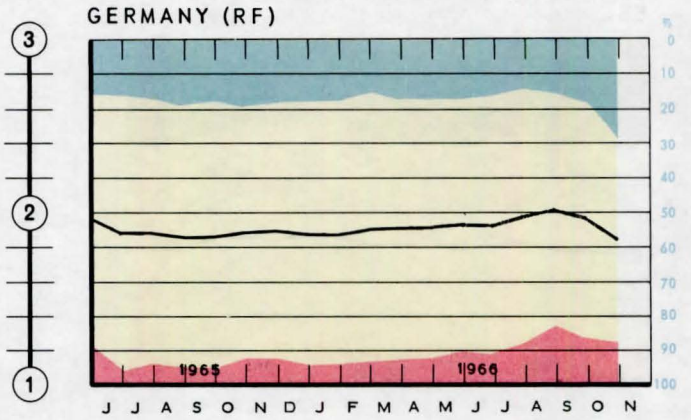
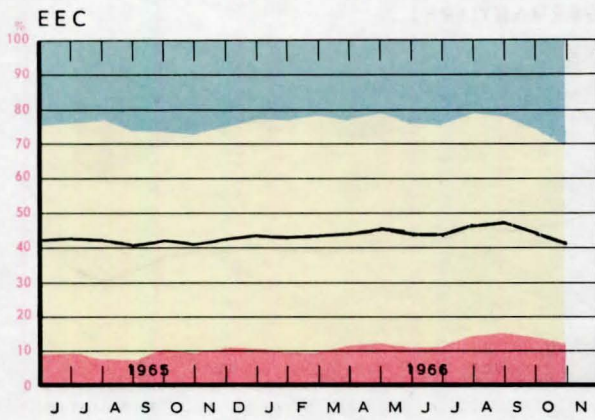
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

- by 0.03 for the answer "above normal" ;
- by 0.02 for the answer "normal" ;
- by 0.01 for the answer "below normal" ;



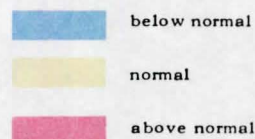
INTERMEDIATE GOODS

Export order-books



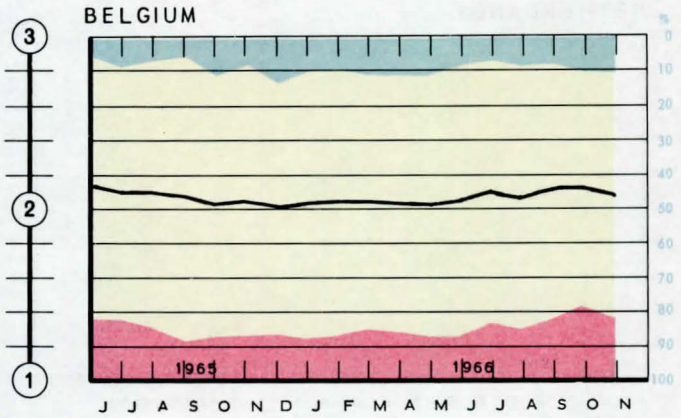
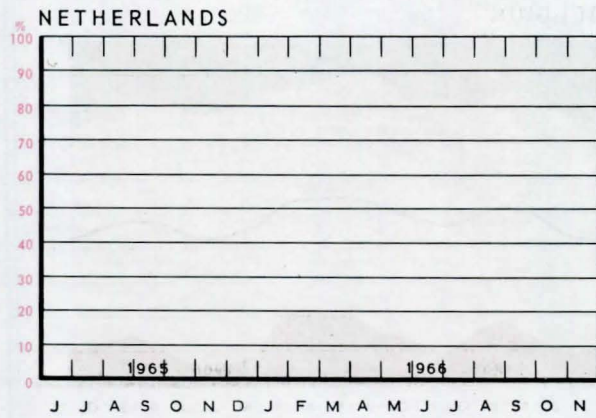
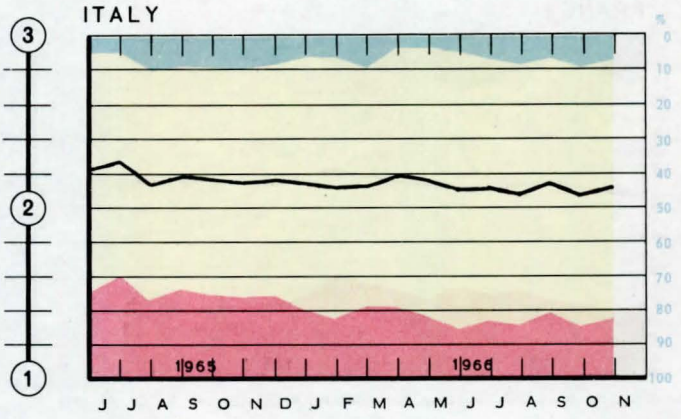
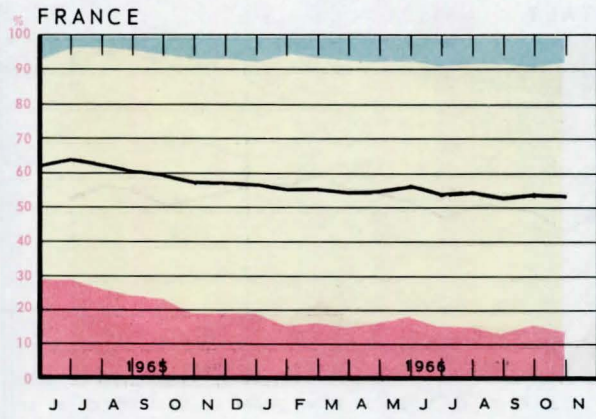
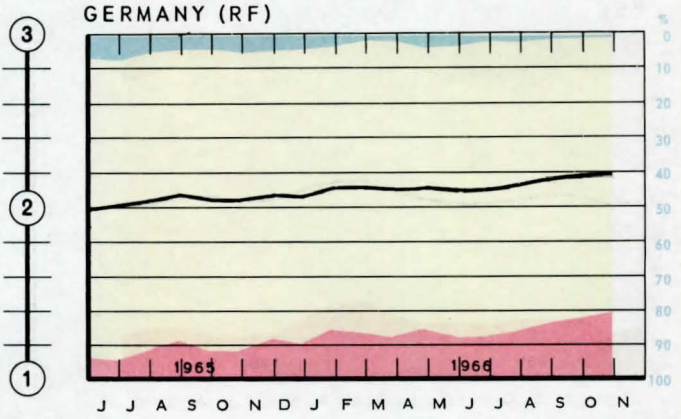
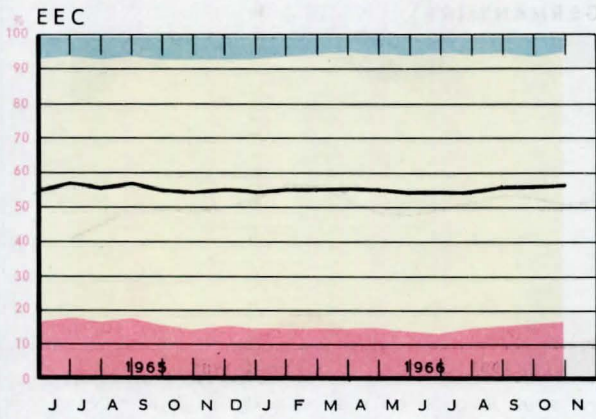
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- by 0.01 for the answer "below normal" ;



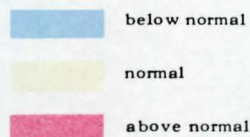
INTERMEDIATE GOODS

Stocks of finished products



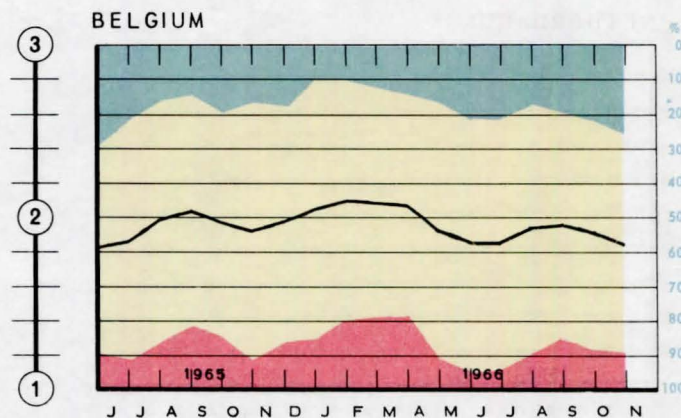
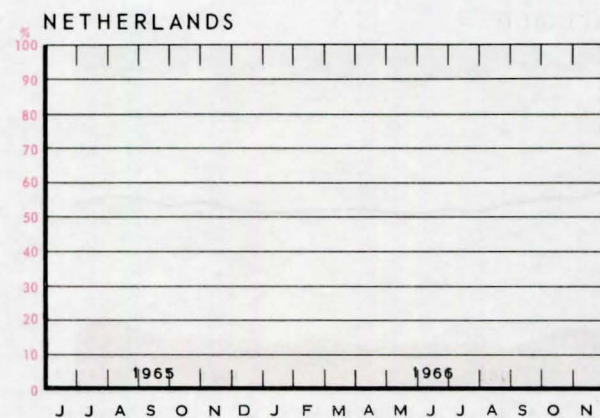
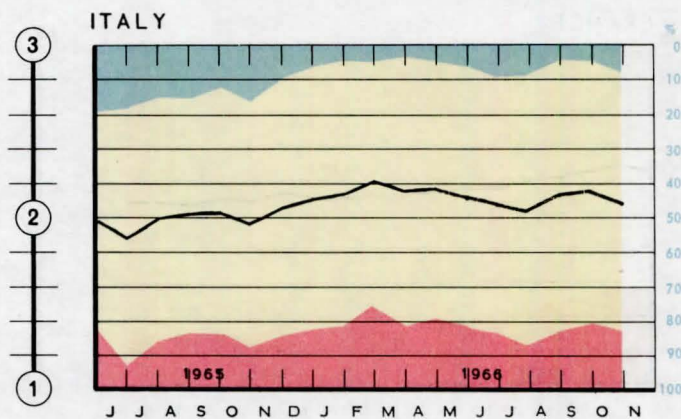
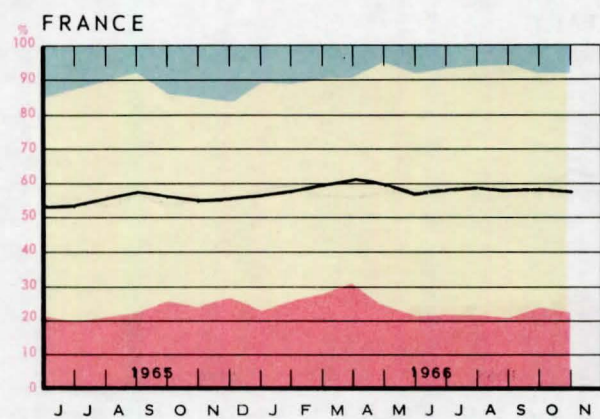
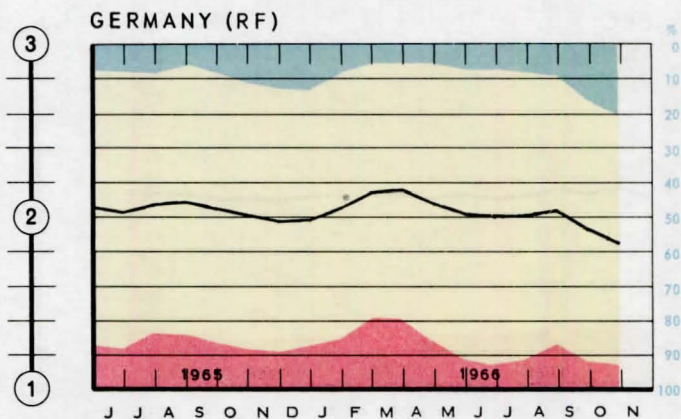
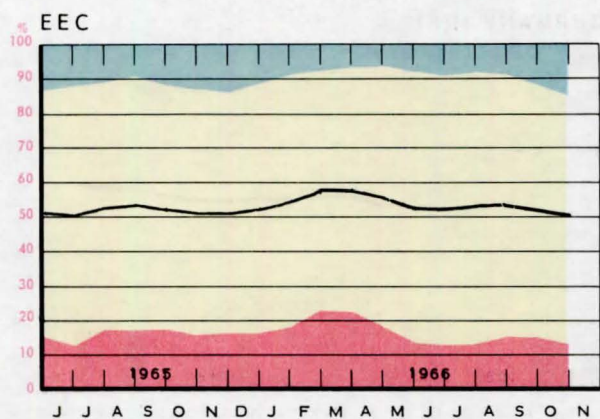
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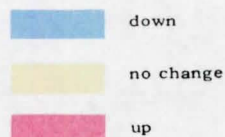
INTERMEDIATE GOODS

Trend in production



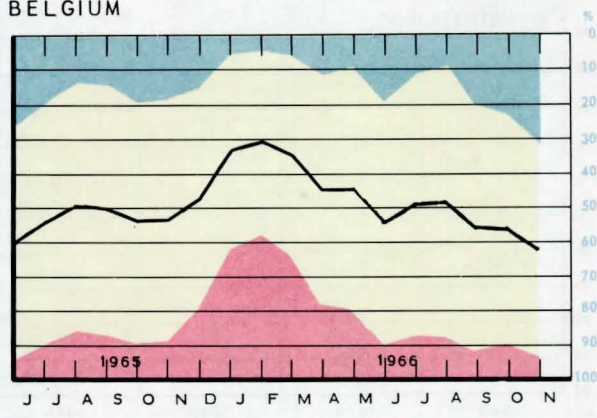
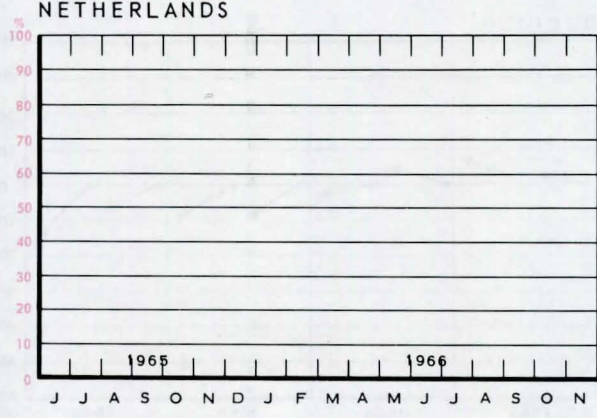
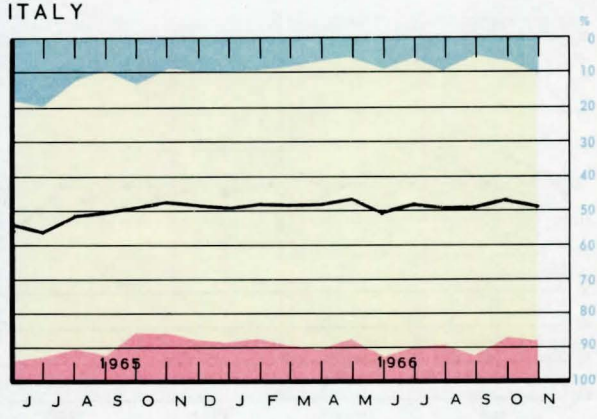
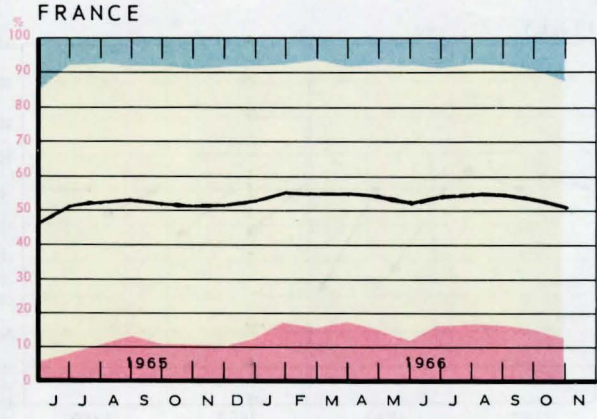
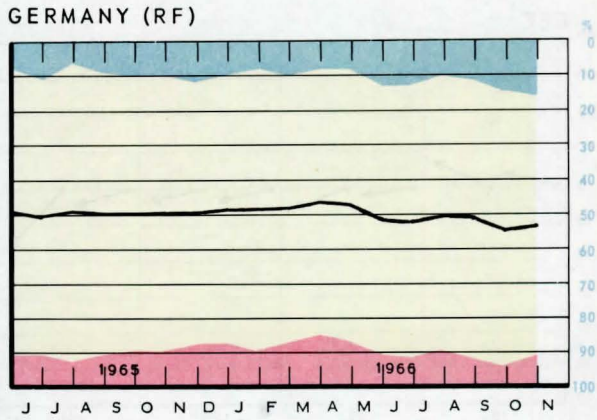
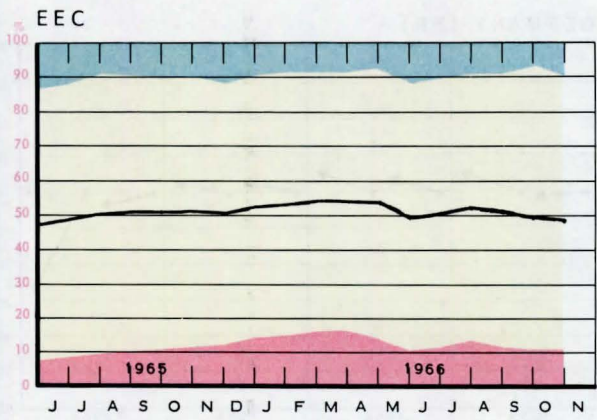
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

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by 0.02 for the answer "no change";
by 0.01 for the answer "down".



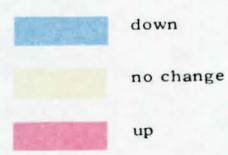
INTERMEDIATE GOODS

Trend in selling prices



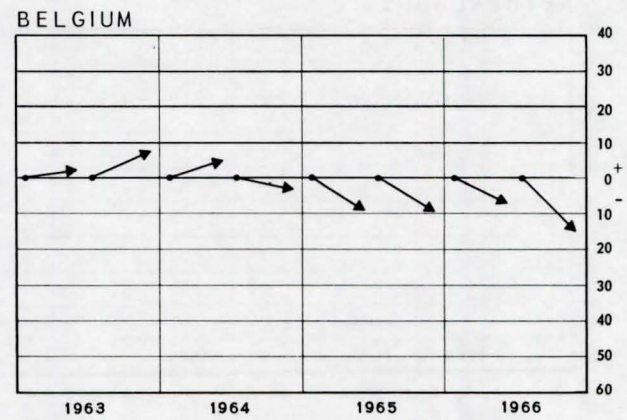
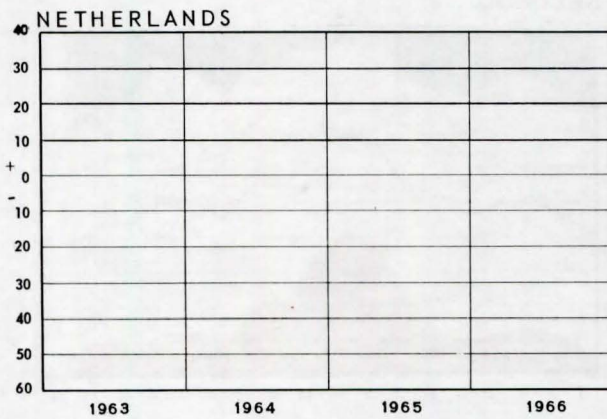
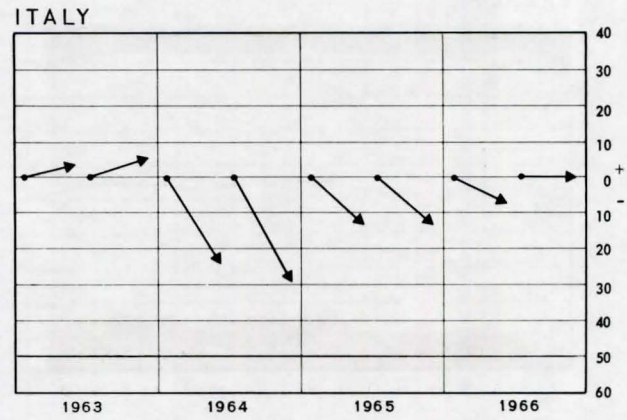
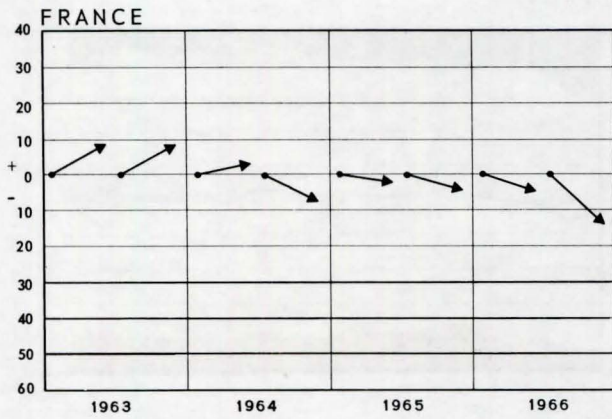
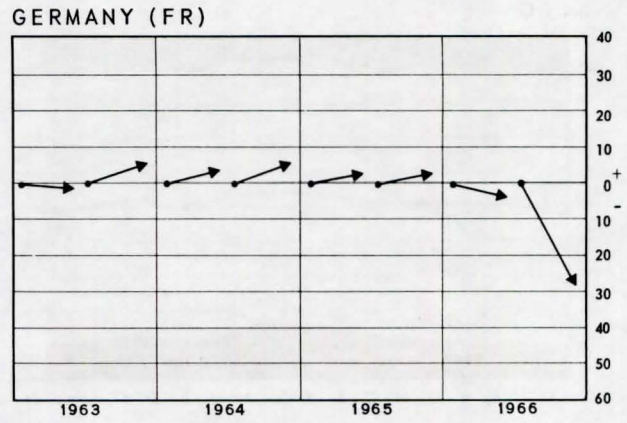
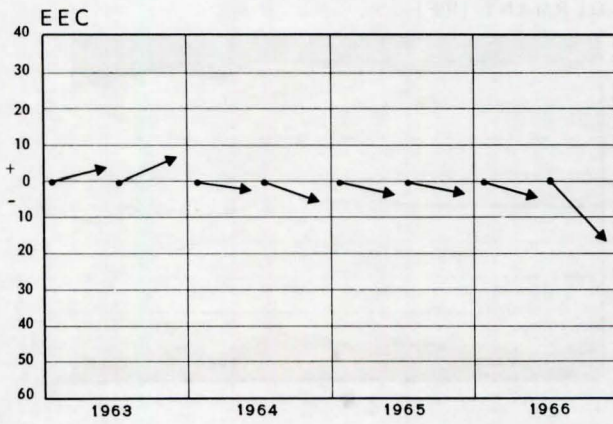
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

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- by 0.01 for the answer "down" .



INTERMEDIATE GOODS

Expectations ⁽¹⁾



⁽¹⁾ The upward or downward slant of the arrows indicates the difference between the percentage of enterprises expecting the number of persons they employ to go up and the percentage expecting it to go down in the next 3 or 4 months; they slant up when the majority expects the number employed to rise and down when the majority expects it to fall. This question is sent out twice a year, at the end of May and the end of October.

RESULTS BY BRANCH OF INDUSTRY AT COMMUNITY LEVEL

(the figures are percentages of replies received)

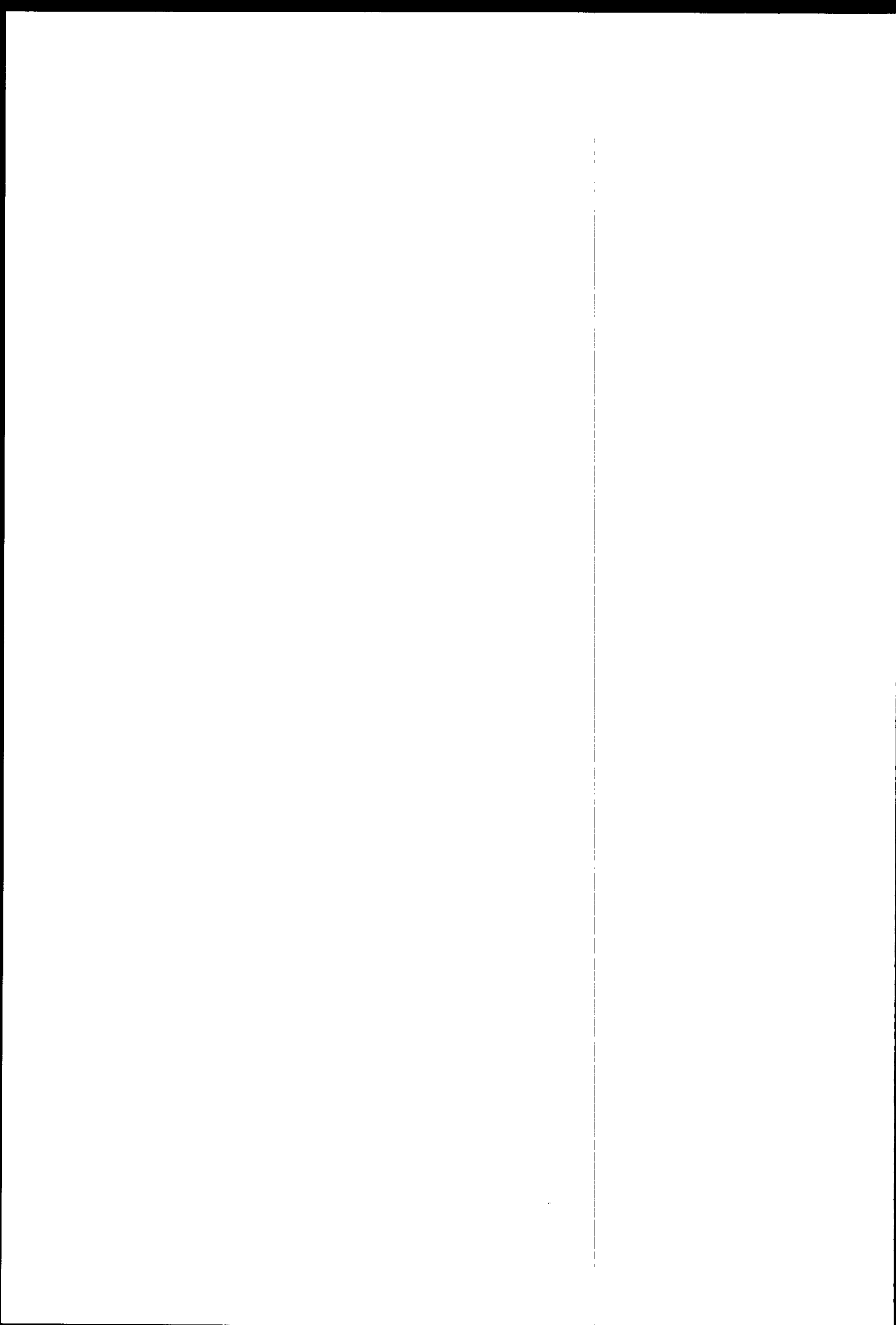
Sector	Questions 1966	Assessments															Expectations									
		Total order-book					export order-book					Stocks of finished products					Production					Selling prices				
		J	J	A	S	O	J	J	A	S	O	J	J	A	S	O	J	J	A	S	O	J	J	A	S	O
1. Textiles	+	11	10	9	10	8	7	12	8	9	6	34	35	38	37	39	15	15	14	17	12	12	13	12	12	12
	=	55	51	47	48	44	49	48	53	45	48	58	58	55	58	58	74	73	74	69	68	80	78	80	79	74
	-	34	39	44	42	48	44	40	39	46	46	8	7	7	5	3	11	12	12	14	20	8	9	8	9	14
2. Garments and knitted and crocheted goods	+	19	18	16	16	13	9	10	7	11	6	23	21	18	20	22	25	27	27	25	19	22	24	23	21	17
	=	64	64	64	61	55	62	57	63	61	58	72	74	77	73	70	69	67	66	64	64	76	75	75	76	80
	-	17	18	20	23	32	29	33	30	28	36	5	5	5	7	8	6	6	7	11	17	2	1	2	3	3
3. Leather and footwear	+	19	20	14	13	10	14	17	13	18	21	18	25	18	19	28	16	19	21	12	19	35	29	30	19	11
	=	55	50	53	53	52	63	46	58	57	52	77	70	75	72	66	75	72	66	71	56	62	67	65	68	73
	-	26	30	33	34	38	23	37	29	25	27	5	5	7	9	6	9	9	13	17	25	3	4	5	13	16
4. Wood and cork	+	8	7	7	9	7	0	0	0	1	1	28	28	33	31	31	9	11	11	12	9	10	6	7	11	9
	=	56	55	52	53	54	62	61	61	46	48	67	67	63	64	65	81	73	70	68	68	84	86	83	76	74
	-	36	38	41	38	39	38	39	39	53	51	5	5	4	5	4	10	16	19	20	23	6	8	10	13	17
5. Furniture	+	17	10	14	16	15	15	6	16	11	17	16	15	21	15	17	25	26	29	19	12	26	25	20	10	12
	=	57	62	61	54	55	52	60	49	53	57	74	79	68	74	74	69	65	61	73	71	74	75	80	89	88
	-	26	28	25	30	30	33	34	35	36	26	10	6	11	11	9	6	9	10	8	17	0	0	0	1	0
6. Paper	+	8	9	7	6	6	7	10	4	0	3	24	23	24	32	26	12	19	28	23	18	11	12	12	13	13
	=	64	58	62	56	47	52	53	58	62	58	73	74	72	65	70	81	73	67	69	73	85	85	84	84	83
	-	28	33	31	38	47	41	37	38	38	39	3	3	4	3	4	7	8	5	8	9	4	3	4	3	4
7. Printing	+	9	15	7	15	13	5	5	0	6	9	4	5	9	10	11	12	15	18	20	17	18	19	28	26	9
	=	76	65	78	70	70	85	84	89	86	83	95	95	91	90	89	83	81	78	76	76	78	81	72	73	90
	-	15	20	15	15	17	10	11	11	8	8	1	0	0	0	0	5	4	4	4	7	4	0	0	1	1
8. Processing of plastics	+	15	15	8	10	7	4	5	2	3	4	16	17	18	11	11	29	29	32	26	15	3	3	5	2	1
	=	56	59	59	54	62	51	65	68	49	46	80	76	76	84	83	60	64	59	66	70	76	74	74	71	79
	-	29	26	33	36	31	45	30	30	48	50	4	7	6	5	6	11	7	9	8	15	21	23	21	27	20
9. Chemicals	+	14	16	10	16	14	17	21	29	26	29	11	13	10	10	8	13	17	21	22	21	7	8	7	4	16
	=	80	75	84	76	79	76	69	64	63	63	85	79	86	85	86	84	80	77	75	77	64	71	75	77	64
	-	6	9	6	8	7	7	10	7	11	8	4	8	4	5	6	3	3	2	3	2	29	21	18	19	20
10. Petroleum	+	8	6	4	3	8	26	19	35	40	23	21	20	20	25	28	25	26	49	36	33	0	14	2	9	12
	=	86	88	87	83	86	66	78	62	56	65	79	80	80	75	71	72	74	51	64	67	95	72	92	88	87
	-	6	6	9	14	6	8	3	3	4	12	0	0	0	0	1	3	0	0	0	0	5	14	6	3	1
11. Building materials, pottery, glassware	+	12	9	7	6	6	6	7	9	4	5	32	31	30	30	30	6	10	10	7	6	9	10	8	9	7
	=	51	56	58	53	53	68	76	71	59	73	62	64	66	63	63	85	79	76	68	67	83	81	83	82	81
	-	37	35	35	41	41	26	17	20	37	22	6	5	4	7	7	9	11	14	25	27	8	9	9	9	12
12 + 13. Iron and steel – Primary processing of iron and steel	+	2	4	3	2	9	8	13	11	7	2	6	5	6	7	5	8	6	6	6	6	19	18	13	11	7
	=	67	64	58	52	56	66	66	73	70	55	94	95	93	90	93	81	85	85	78	73	76	77	79	79	76
	-	31	32	39	46	35	26	21	16	23	43	0	0	1	3	2	11	9	9	16	21	5	5	8	10	17
14. Metal consumer articles	+	9	11	5	13	10	13	14	11	14	14	31	32	27	20	19	9	16	17	18	14	9	7	8	12	11
	=	58	54	60	62	61	49	51	48	51	47	55	53	60	61	65	79	71	71	72	64	90	89	89	87	88
	-	33	35	35	25	29	38	35	41	35	39	14	15	13	19	16	12	13	12	10	22	1	4	3	1	1
15. General equipment	+	4	7	10	9	8	11	8	5	4	8	16	15	16	16	19	12	11	12	12	10	10	10	9	9	8
	=	71	62	51	52	50	46	46	46	50	49	75	76	77	75	73	78	76	76	71	69	82	81	82	81	79
	-	25	31	39	39	42	43	46	49	46	43	9	9	7	9	8	10	13	12	17	21	8	9	9	19	13

RESULTS BY BRANCH OF INDUSTRY AT COMMUNITY LEVEL (cont'd)

(the figures are percentages of replies received)

Sector	Questions	1966	Assessments									Expectations															
			Total order-book					Export order-book				Stocks of finished products				Production					Selling prices						
			J	J	A	S	O	J	J	A	S	O	J	J	A	S	O	J	J	A	S	O	J	J	A	S	O
16. Mechanical equipment (other than electrical)	+		10	12	9	11	8	18	17	16	16	15	19	22	22	23	28	14	13	17	17	14	11	11	10	9	9
	=		56	50	49	50	49	52	52	51	49	49	74	72	71	71	66	74	75	69	66	66	87	87	87	89	86
	-		34	38	42	39	43	30	31	33	35	36	7	6	7	6	6	12	12	14	17	20	2	2	3	2	5
17. Domestic electric appliances, radio, television	+		4	12	6	7	7	4	7	3	7	7	32	33	29	27	27	9	19	23	27	19	6	5	5	3	3
	=		61	55	64	71	66	53	47	53	64	59	60	60	67	64	66	74	63	68	65	71	81	81	79	86	85
	-		35	33	30	22	27	43	46	44	29	34	8	7	4	9	7	17	18	9	8	10	13	14	16	11	12
18. Electrical equipment	+		19	19	13	12	12	18	22	18	16	18	18	19	21	20	20	23	24	25	23	16	20	11	12	9	14
	=		58	56	56	57	53	58	51	51	48	50	77	76	76	75	75	65	61	57	66	65	76	81	80	82	77
	-		23	25	31	31	35	24	27	31	36	32	5	5	3	5	5	12	15	18	11	19	4	8	8	9	9
19. Motor vehicle industry	+		21	23	18	15	20	25	25	17	14	8	20	14	8	9	19	13	16	23	18	14	6	7	8	4	4
	=		55	55	67	72	54	61	60	68	76	65	52	63	81	73	65	82	70	64	74	64	93	91	91	94	93
	-		24	22	15	13	26	14	15	15	10	27	28	23	11	18	16	5	14	13	8	22	1	2	1	2	3
20. Shipbuilding, aircraft manufacturing, railway and tramway rolling stock	+		2	6	9	8	8	7	4	1	1	1	6	8	10	5	16	13	14	16	15	11	12	12	12	12	12
	=		49	49	42	33	35	48	49	51	32	36	94	92	90	95	84	76	75	76	69	74	84	84	85	84	85
	-		49	45	49	59	57	45	47	48	67	63	0	0	0	0	0	11	11	8	16	15	4	4	3	4	3
21. Precision and optical instruments, watches and clocks	+		13	12	13	13	14	9	8	13	9	12	21	20	19	18	23	16	17	20	18	15	10	12	12	15	12
	=		55	59	53	59	53	53	58	49	61	50	65	67	69	72	65	75	75	70	72	73	89	87	86	84	87
	-		32	29	34	28	33	38	34	38	30	38	14	13	12	10	12	9	8	10	10	12	1	1	2	1	1
B. Rubber	+		18	16	11	11	9	9	11	20	15	21	8	8	9	17	23	26	17	15	17	10	23	22	28	27	26
	=		65	70	77	77	73	82	78	58	69	66	83	81	81	75	67	72	82	79	69	75	74	78	70	62	71
	-		17	14	12	12	18	9	11	22	16	13	9	11	10	8	10	2	1	6	14	15	3	0	2	11	3
C. Non-ferrous metals industry	+		20	18	16	12	13	19	18	21	23	19	9	11	15	13	17	11	9	10	9	4	15	9	2	11	10
	=		37	41	34	37	33	40	52	40	34	42	73	75	71	69	77	78	80	76	72	72	67	76	76	69	74
	-		43	41	50	51	54	41	30	39	43	39	18	14	14	18	6	11	11	14	19	24	18	15	22	20	16
Total of industry	+		12	12	10	11	11	14	16	14	14	12	18	19	18	18	20	15	16	18	17	14	13	13	12	11	10
	=		62	60	60	58	56	59	58	59	58	56	75	74	77	75	74	76	74	72	71	69	80	80	81	81	80
	-		26	28	30	31	33	27	26	27	28	32	7	7	5	7	6	9	10	10	12	17	7	7	7	8	10

**SPECIAL QUESTION
ON COMPETITIVE POSITION**



INTRODUCTION

In order to extend the common programme for the business surveys carried out among heads of enterprises in the Community, a special question will be asked once a year regarding the development of competitive position. The form is as follows:

"Is your firm engaged in exports?

- i) yes
- ii) no

If your firm is engaged in exports, please answer the following questions:

During the last twelve months, has its competitive position in Community markets

- i) improved
- ii) remained the same
- iii) deteriorated?

During the last twelve months, has its competitive position in non-Community markets

- i) improved
- ii) remained the same
- iii) deteriorated?

If your competitive position has deteriorated, kindly specify the main reasons:

- i) Selling prices compared with those of your competitors and/or customs duties
- ii) Conditions of sale (delivery times, after-sales service, etc.)
- iii) Administrative difficulties. "

This question was asked for the first time at the end of April 1966 in Germany, France, Italy and Luxembourg. In Belgium the industrial federations and the institution which organize the survey did not consider it possible to ask it at the moment.

The replies relate to the twelve months between April 1965 and April 1966, so they basically concern development in 1965.

It was thought useful to give the replies in this report, although, since the question is new, their interpretation is difficult. For instance, no comparisons can be made on a time basis, nor is it possible to gauge exactly how far the answers will reflect the real trend of the economy. Nevertheless, certain trends emerge with a clarity which enables some basic conclusions to be drawn:

1) In general, managements consider selling prices in relation to those of competitors and the influence of customs duties as the main cause of deterioration of their competitive position. The other causes, conditions of sale and administrative difficulties, are adduced much more rarely. If we bear in mind the fact that, with one or two exceptions (in particular the United Kingdom), customs duties have tended to be reduced, it is obvious that the relative level of selling prices is the deciding factor for competitive position.

2) Among the member countries taking part in the surveys, those in which prices have risen most markedly during 1965, Germany and Luxembourg, are also those in which competitive position shows the most pronounced tendency to deteriorate. On the other hand, in France and Italy, where 1965 was characterized by a calmer price climate following implementation of stabilization policies, a high percentage of managements report an improvement in competitive position.

**COMPETITIVE POSITION OF ENTERPRISES IN EEC MARKETS
OVER THE LAST TWELVE MONTHS**

	Germany (FR)					France					Italy					Netherlands	Belgium	Luxembourg													
	1	2	3	4	3a	3b	3c	1	2	3	4	3a	3b	3c	1			2	3	4	3a	3b	3c	1	2	3	4	3a	3b	3c	
0 Industry as a whole	8	67	19	6	18	1	2	45	48	7	0	7	0	0	26	50	9	15	5	-	-			0	9	1	9	0	10	0	2
I Consumer goods	15	72	10	3	9	0	1	78	16	6	0	5	0	0	44	39	6	11	3	-	-										
II Capital goods	6	67	22	5	20	2	2	48	43	9	-	9	-	-	18	48	9	25	6	-	-										
III Intermediate goods	6	57	22	15	21	0	3	31	62	7	-	7	0	-	15	62	11	12	7	-	-										

**COMPETITIVE POSITION OF ENTERPRISES IN NON-EEC MARKETS
OVER THE LAST TWELVE MONTHS**

0 Industry as a whole	14	59	21	6	19	1	3	45	46	9	0	8	0	1	24	48	13	15	9	-	-			0	88	9	3	9	0	0
I Consumer goods	32	53	12	3	11	1	2	57	27	16	0	13	1	1	29	49	10	12	5	-	-									
II Capital goods	9	63	24	4	22	2	3	47	48	5	0	3	0	1	25	51	9	15	7	-	-									
III Intermediate goods	6	51	25	18	22	0	5	38	52	10	0	9	0	1	20	45	19	16	13	-	-									

RESULTS OF SURVEYS

- Development of competitive position ⁽¹⁾:

- | | |
|------------------|--------------------------|
| 1 - improved | 2 - unchanged |
| 3 - deteriorated | 4 - firm does not export |

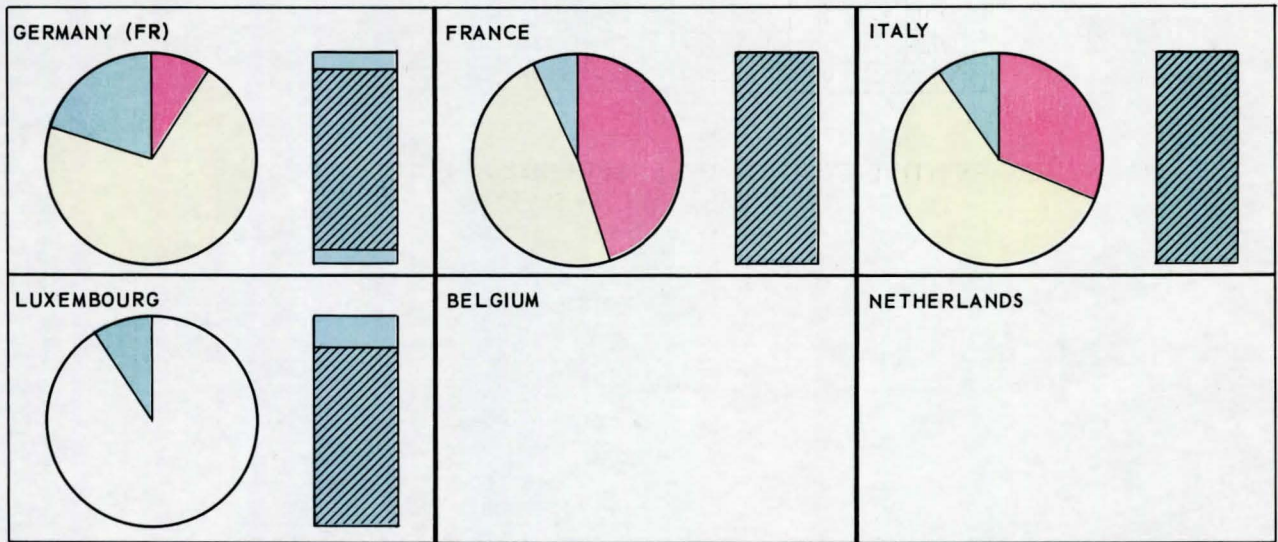
- Chief causes of deterioration ⁽¹⁾:

- | |
|--|
| 3a - selling prices compared with competitors' and/or customs duties |
| 3b - conditions of sale (delivery times, after-sales service, etc.) |
| 3c - administrative difficulties |

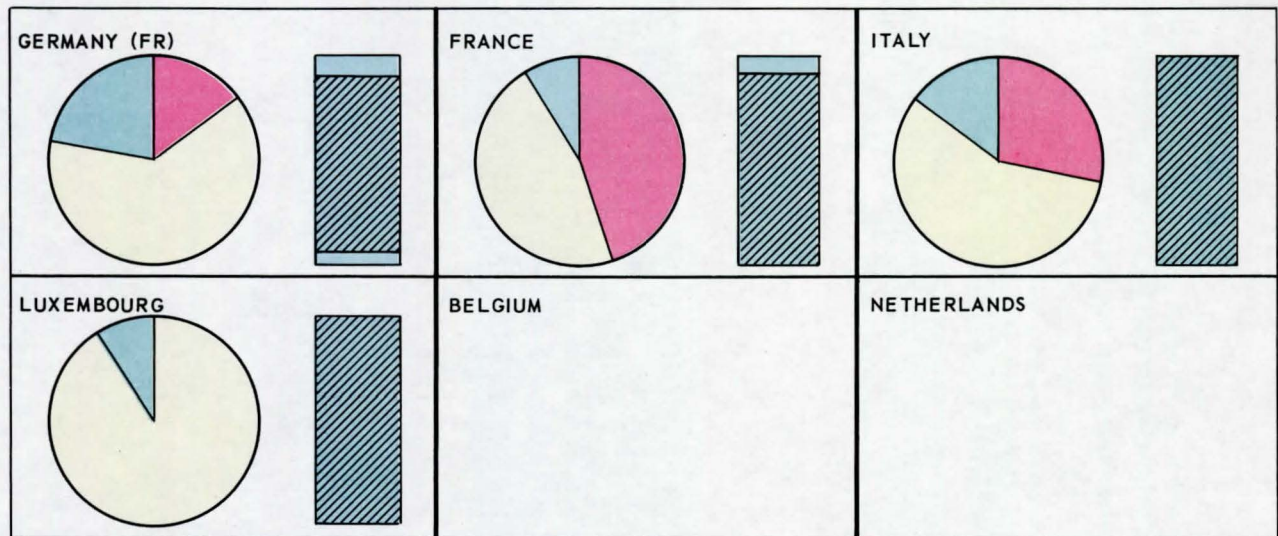
⁽¹⁾ As percentages of total replies.

INDUSTRY AS A WHOLE

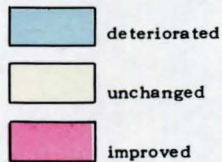
COMPETITIVE POSITION OF ENTERPRISES IN EEC MARKETS OVER THE LAST TWELVE MONTHS



COMPETITIVE POSITION OF ENTERPRISES IN NON-EEC MARKETS OVER THE LAST TWELVE MONTHS



Development of competitive position over the last twelve months, as percentages of total replies from exporting enterprises



Chief causes of deterioration, as percentages of total replies reporting deterioration

