



**European
Communities**
Commission

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

**The Harmonized
Business Surveys
in the Community :
Principles and Methods**

November

1967

This new edition of "The Harmonized Business surveys in the Community: Principles and methods" replaces No. 3/1967 of the four-monthly "Report of the results of the business surveys carried out among heads of enterprises in the Community."



New edition

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

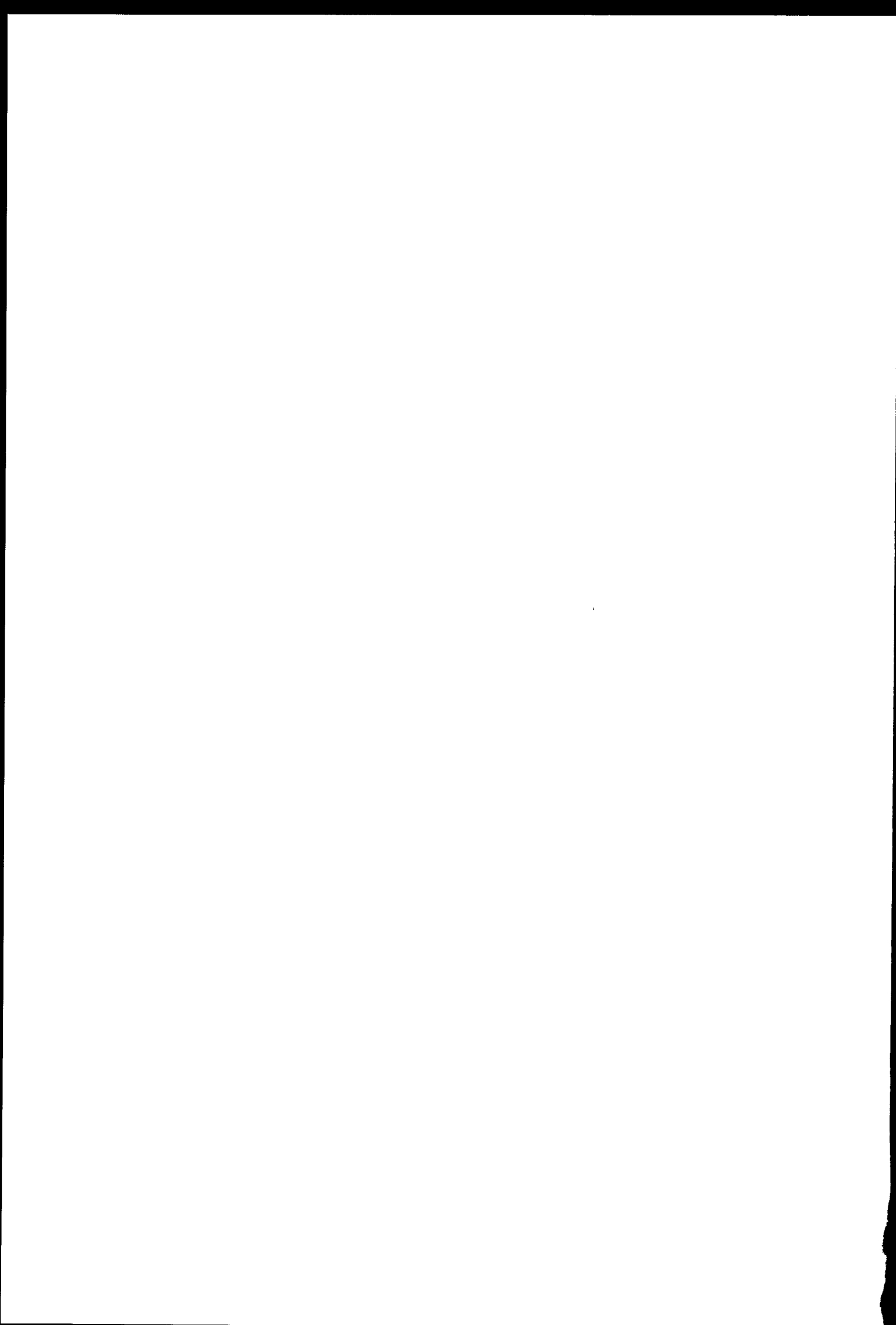
23, avenue de la Joyeuse Entrée, Brussels 4

COMMISSION OF THE EUROPEAN COMMUNITIES

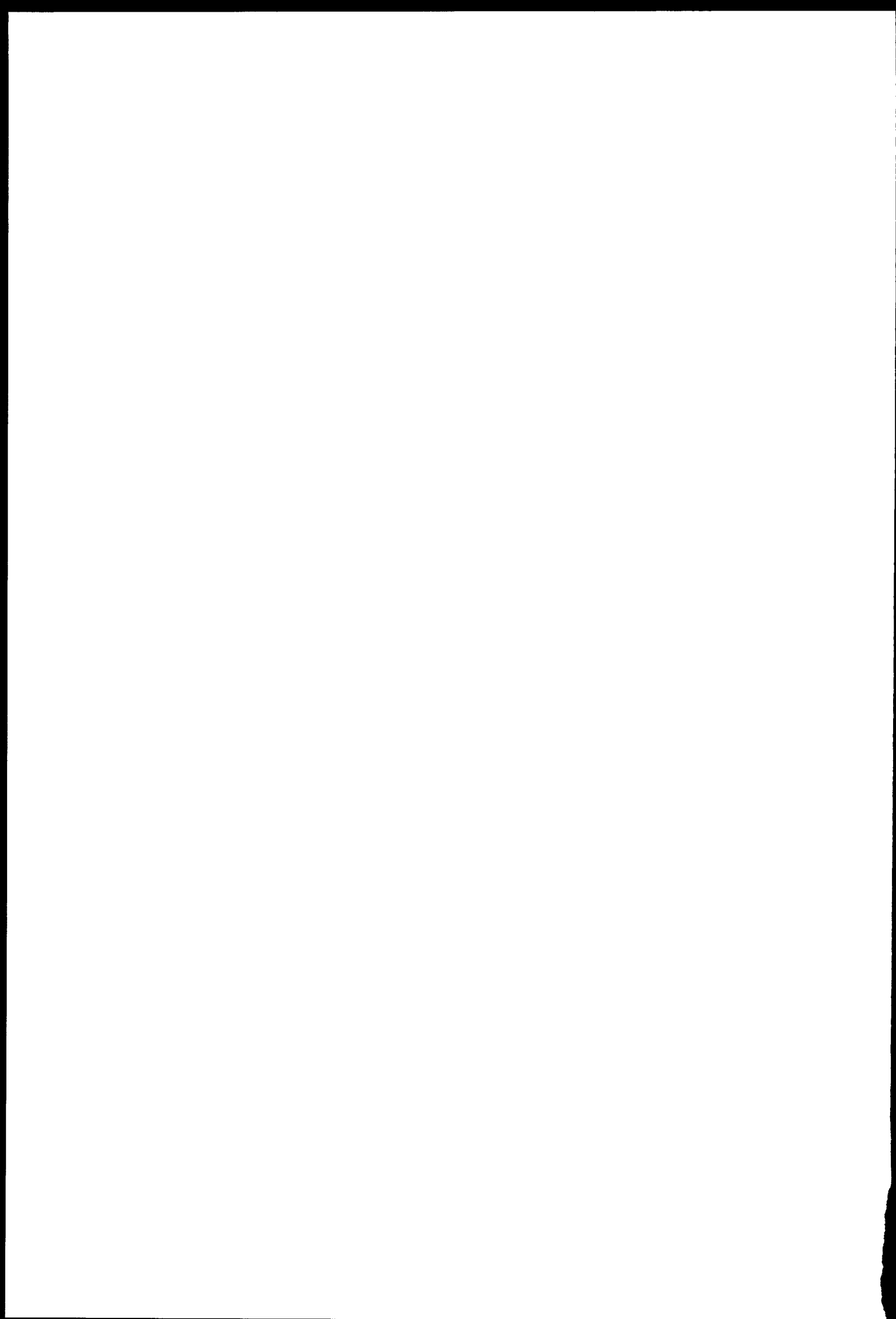
Directorate-General for Economic and Financial Affairs

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

November 1967



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 April 1967 and the end of September 1967. 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
Garments and knitted and crocheted goods	Building materials	Textiles
Footwear and processing of leather	General equipment products	Leather
Consumer chemicals	Mechanical equipment (other than electrical)	Wool and cork
Furniture	Electrical equipment goods	Paper
China and hollow glass	Commercial vehicles	Printing
Metal consumer articles	Shipbuilding, aircraft manufacturing, railway and tramway rolling stock	Processing of plastics
Domestic electric appliances	Precision instruments	Basic chemicals
Private cars		Chemicals for industrial and agricultural uses
Photographic goods, spectacles, watches and clocks		Petroleum
		Iron and steel and primary processing thereof
		Production of man-made fibres
		Rubber
		Non-ferrous metals industry

INDUSTRY AS A WHOLE

In the Community as a whole, production has started to expand again in recent months although the pace of advance has been moderate. This bears out the renewed optimism of managements mentioned in the previous report. The decline recorded in the Federal Republic of Germany has come to a halt and the trend of activity points upward again, while in France, following a loss of momentum at the beginning of the year, the pace of growth appears to have steadied, if not actually to have risen.

In the Federal Republic of Germany, the surveys conducted in the early months of the year had shown that the downward trend had stopped and that there were hopes of an early recovery. The course of events has confirmed this expectation. In the meantime, the climate of opinion reflected in the surveys has improved further and managements have become still more optimistic, expressing increasingly favourable opinions on total order-books: at the end of September 56% of them felt them to be normal or above normal, as against 39% at the end of March. Demand from abroad was reported as poor, and there is no change here, but stocks of finished products have been run down gradually; 21% of managements thought them "above normal" at the end of September, as against 31% at the end of March. Production expectations were negative but have now improved, reaching their highest level since March 1966; at the end of September 15% of managements were expecting an increase in their production over the next few months, as against 3% at the end of March 1967. These results point clearly to a recovery of Germany's economy, a recovery which in the next few months should spread to the industries where progress is still somewhat hesitant.

In France, the slowdown which began in the autumn of 1966 continued in the first half of 1967, a trend foreshadowed by the results of the previous surveys. Managements' replies have, however, become more optimistic. The assessment of total order-books, which had first deteriorated, steadied out in May at an admittedly modest level; 40% of the firms thought the level of orders on hand too low. The assessment of stocks of finished products has improved gradually. Production expectations, less good in the middle of the year, improved so that at the end of September once again more managements (22%) were expecting an increase in production than a decline (13%). The only negative trend was in the assessment of orders from abroad, which deteriorated steadily until the autumn, since managements plainly judged the signs of an export recovery as too feeble to warrant optimism. After a slight decline, predicted selling prices rose firmly once again. The surveys show, then, that industrial activity is taking a turn for the better; as the trends observed are somewhat indistinct it is difficult to make more precise forecasts as to when and how much the economy will advance; at present this advance could suffer from the reluctance of managements to replenish stocks in the face of the impending tax reform.

In Italy, the development of industrial production has been less buoyant in recent months. Business activity had been carried along by the impetus of the recovery following the recession in 1964 and for a long time enjoyed freedom from inhibiting influences from outside, but the slowdown in purchases by foreign countries — reflected clearly in the replies to the question concerning export order-books — seem of late to have affected the economy. All in all, the situation remains none the less fairly good. Despite some deterioration, the overall level of orders on hand is still judged satisfactory since about three quarters of managements consider it "normal" or "above normal"; similarly, though rather shorter than before, the period for which work is assured remains appreciable. Reports on stocks of finished products have revealed that they have expanded a little: at the end of September, 24% of the firms questioned felt their stocks were too high. Opinions on the development of

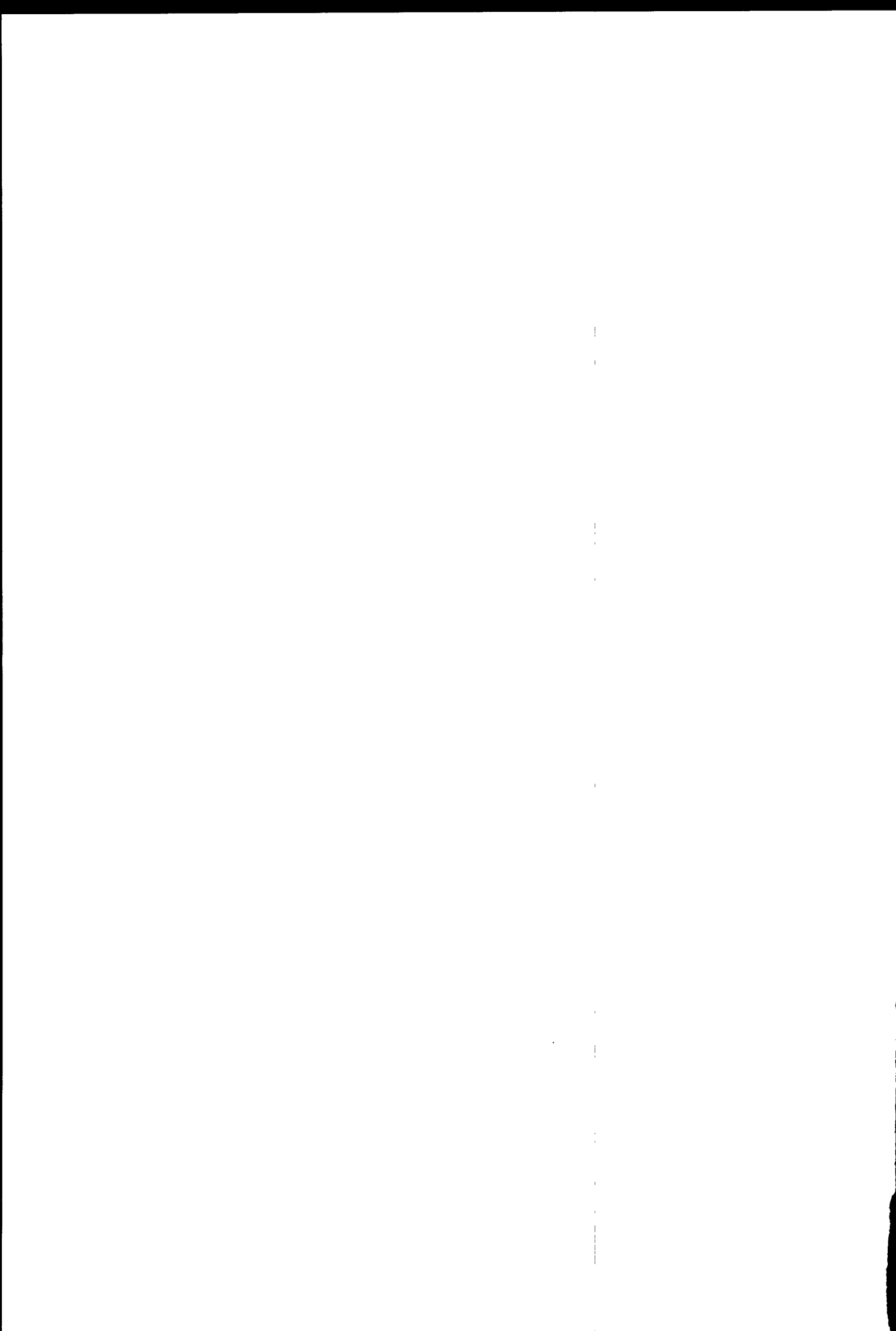
the numbers employed point, on balance, to a small increase, while production expectations, following a rather pronounced decline during the summer months, have again become more optimistic; at the end of September almost 90% of heads of firms expected production either to remain the same or rise in the next few months.

In Belgium, economic expansion remained moderate during the summer months; the latest surveys nevertheless reveal certain signs of improvement. The assessment of total order-books, which had continued to deteriorate until July, have since shown a perceptible improvement: the excess of "below normal" over "above normal" replies fell from 45 to 33 (%). The assessment of export order-books has developed along similar lines. The most marked signs of an improvement are, however, the clear revival of optimism in production expectations and a more favourable trend on the labour market. The proportion of managements expecting a decline of production fell from 39% at the end of April to 21% at the end of September; there has been an increase in the number of managements expecting to take on additional labour. In the light of these results and also in view of the firmer trend of demand from abroad, it must be expected that in the near future production will develop along firmer lines.

In the Grand Duchy of Luxembourg, the rate of growth has remained low and the latest surveys do not show any sign of a major change. Almost 86% of managements described their order-books as normal and 93% did not expect the rate of production to change during the next few months. Stocks have built up slightly.

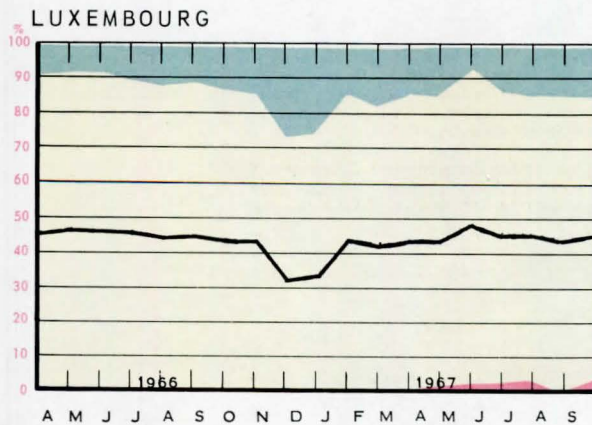
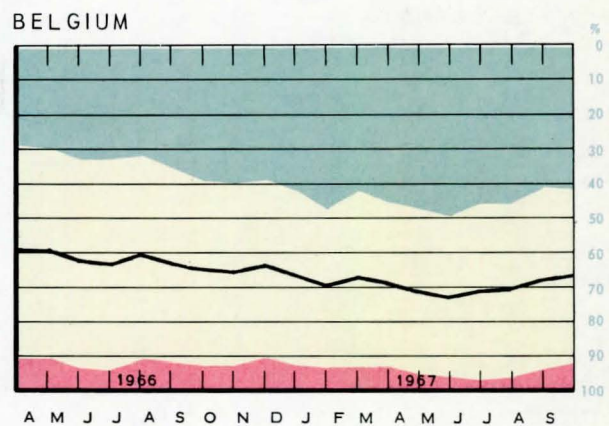
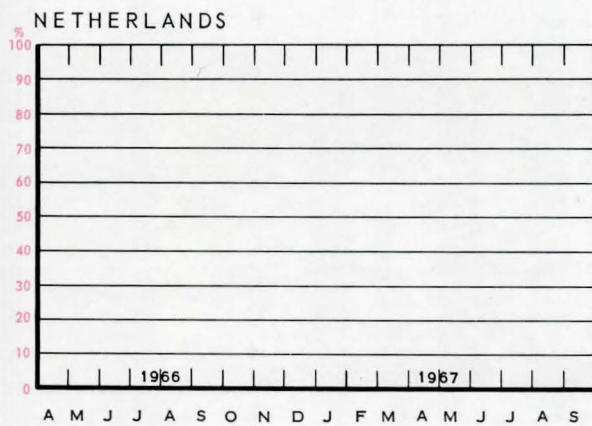
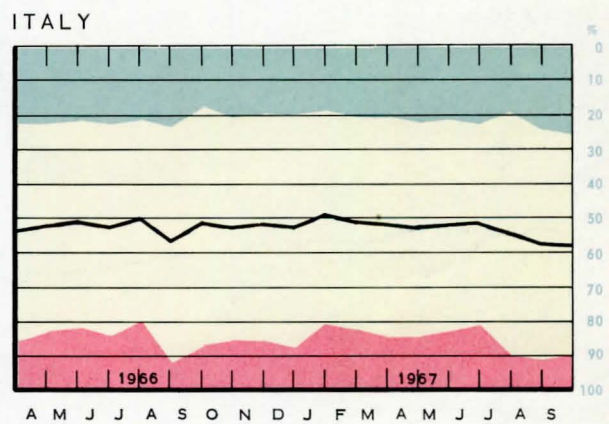
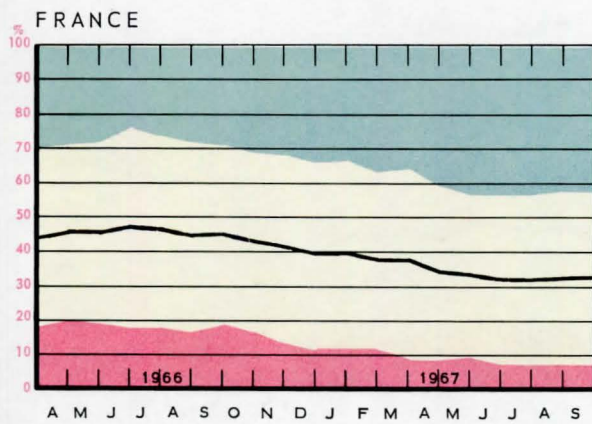
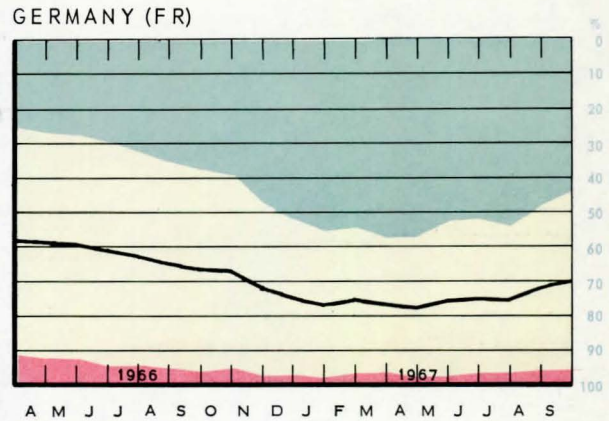
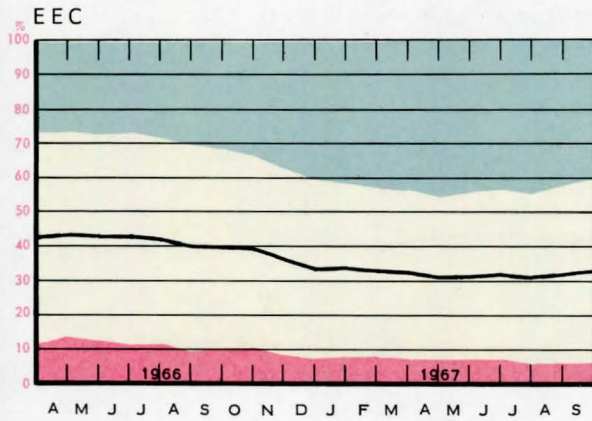
(the figures are percentages of replies received)

Questions Country	1967	Assessments															Expectations									
		Total order-book					Export order-book					Stocks of finished products					Production					Selling prices				
		M	J	J	A	S	M	J	J	A	S	M	J	J	A	S	M	J	J	A	S	M	J	J	A	S
GERMANY (FR)	+	2	3	3	4	4	15	12	9	10	10	26	24	25	24	21	8	6	13	19	15	2	2	3	2	4
	=	45	45	43	48	52	52	57	59	59	61	71	75	72	72	73	77	80	74	73	77	86	87	87	85	88
	-	53	52	54	48	44	33	31	32	31	29	3	1	3	4	6	15	14	13	8	8	12	11	10	13	8
FRANCE	+	10	7	7	7	7	14	11	10	8	10	33	31	28	25	24	16	14	17	19	22	12	14	15	17	18
	=	47	50	50	51	51	46	50	50	51	50	64	64	67	70	71	66	67	66	65	65	77	76	75	73	74
	-	43	43	43	42	42	40	39	40	41	40	3	5	5	5	5	18	19	17	16	13	11	10	10	10	8
ITALY	+	17	19	10	9	10	17	14	9	8	9	17	18	18	16	24	16	14	15	22	19	12	18	18	14	13
	=	62	59	71	67	64	42	48	56	56	55	79	73	78	76	73	74	71	72	65	70	76	71	73	76	75
	-	21	22	19	24	26	41	38	35	36	36	4	9	4	8	3	10	15	13	13	11	12	11	9	10	12
NETHERLANDS	+																									
	=																									
	-																									
BELGIUM	+	4	3	4	6	8	6	2	2	4	6	26	24	21	21	23	10	10	13	15	18	10	9	9	11	12
	=	47	52	51	53	51	50	49	54	52	49	66	68	69	70	69	55	63	63	64	61	78	80	83	78	73
	-	49	45	45	41	41	44	49	44	44	45	8	8	10	9	8	35	27	24	21	21	12	11	8	11	15
LUXEMBOURG	+	2	2	3	0	3	0	2	3	0	3	3	4	12	12	11	4	2	3	3	3	2	1	3	3	73
	=	91	85	83	86	83	90	88	86	89	86	97	92	84	85	85	90	92	92	92	93	94	88	86	85	16
	-	7	13	14	14	14	10	10	11	11	11	0	4	4	3	4	6	6	5	5	4	4	11	11	12	11
EEC	+	7	7	6	6	6	14	11	8	8	9	27	25	24	23	23	12	10	15	19	18	7	9	10	9	11
	=	49	50	50	52	54	49	53	57	57	57	70	71	72	71	72	72	73	70	69	71	81	80	80	80	80
	-	44	43	44	42	40	37	36	35	35	34	3	4	4	6	5	16	17	15	12	11	12	11	10	11	9



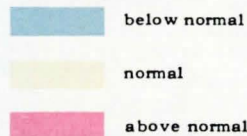
INDUSTRY AS A WHOLE

Order-books



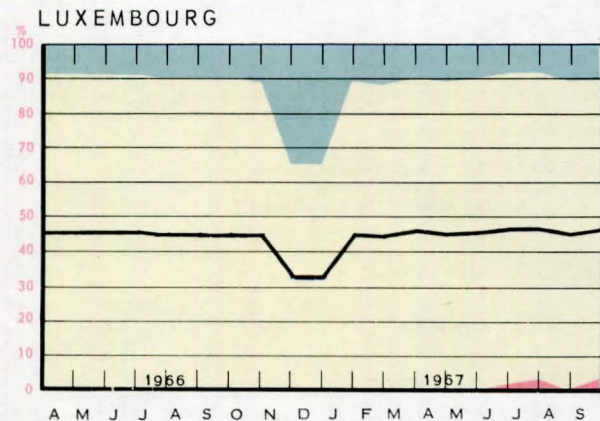
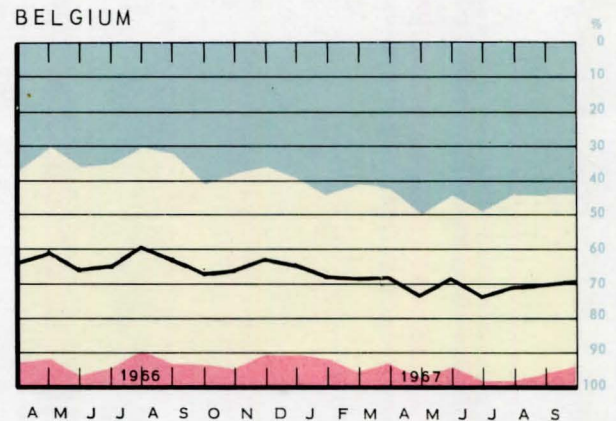
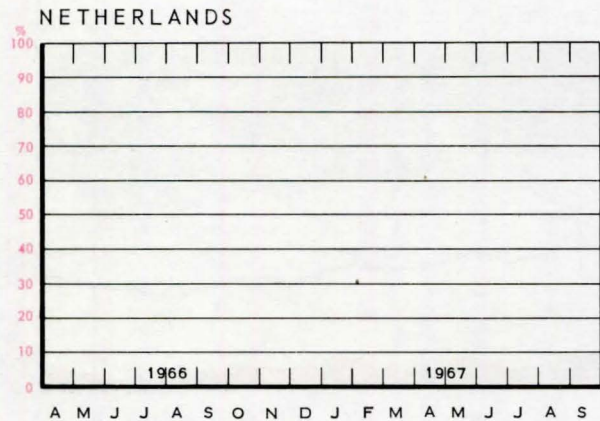
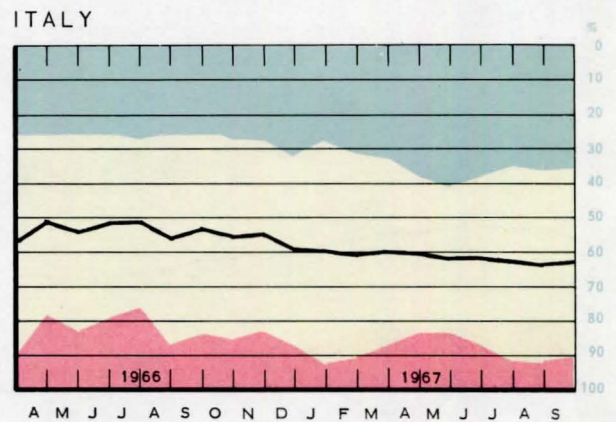
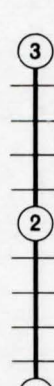
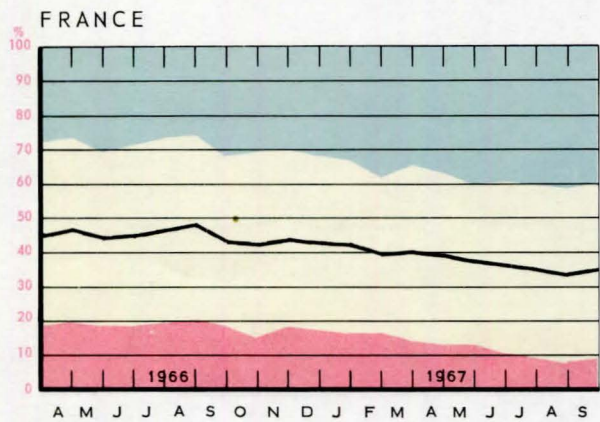
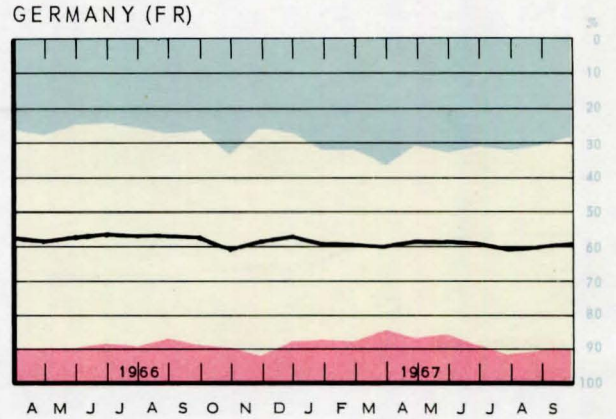
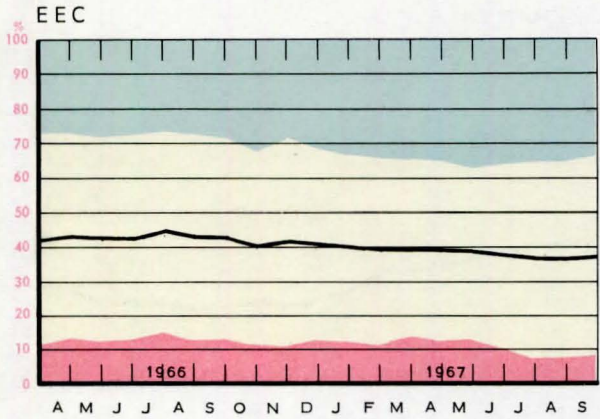
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

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



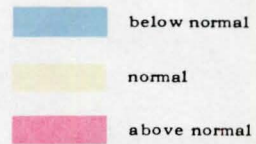
INDUSTRY AS A WHOLE

Export order-books



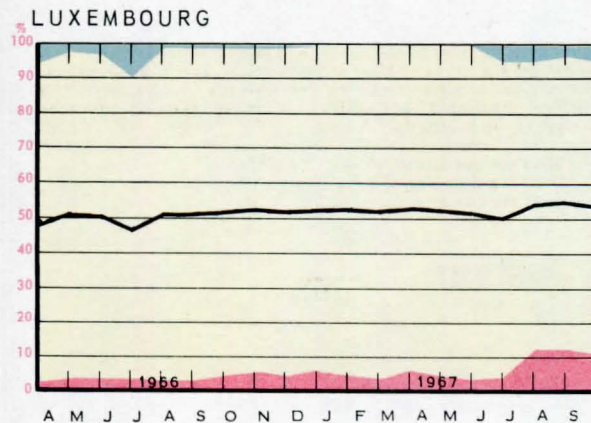
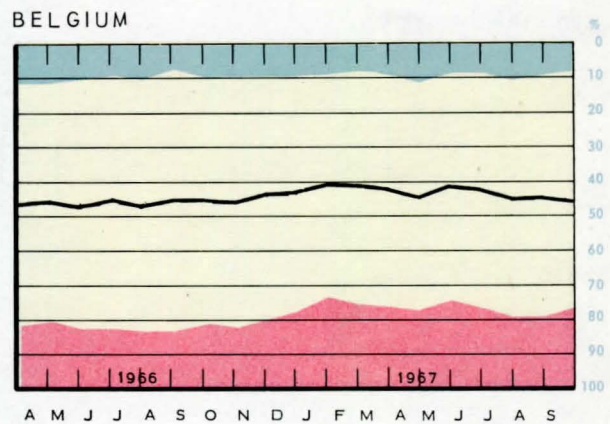
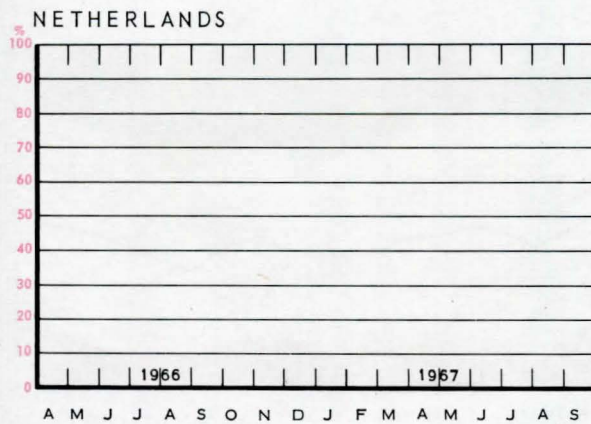
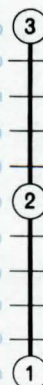
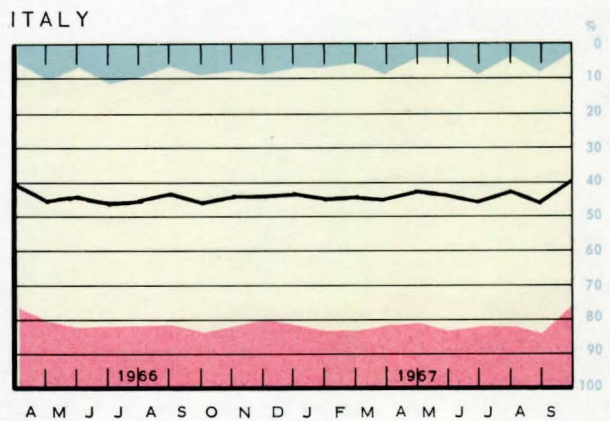
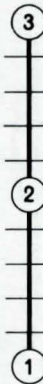
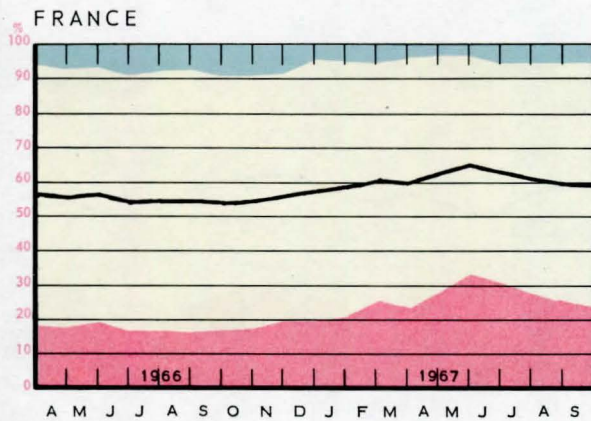
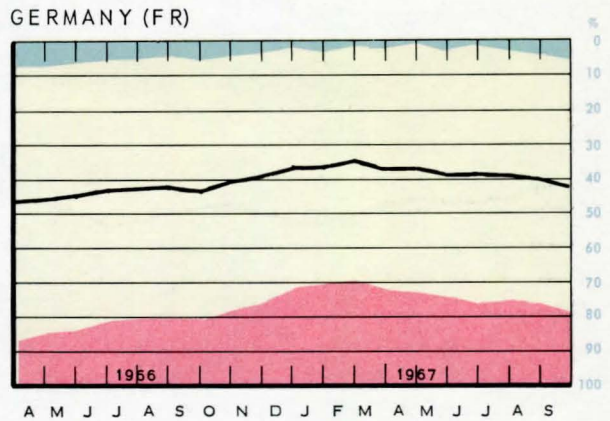
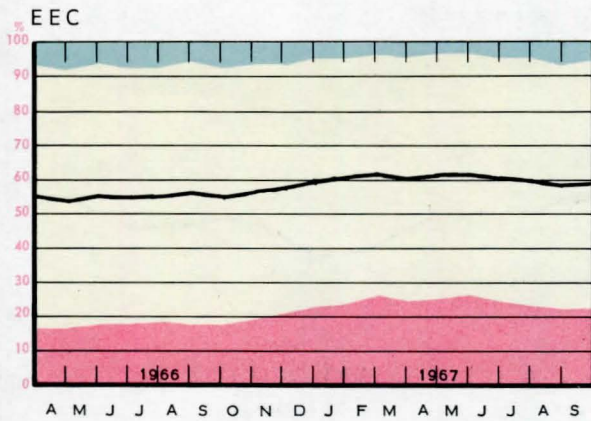
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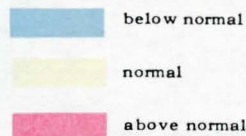
INDUSTRY AS A WHOLE

Stocks of finished products



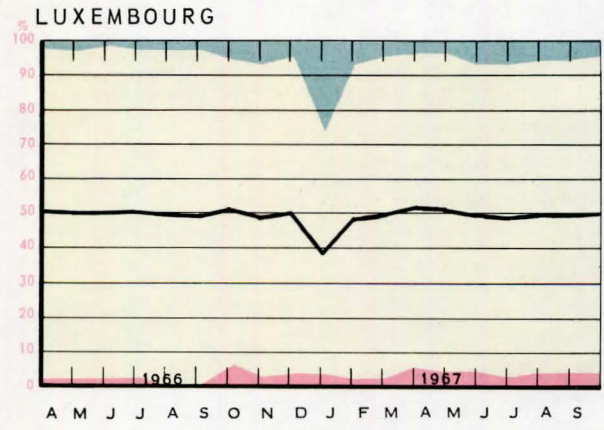
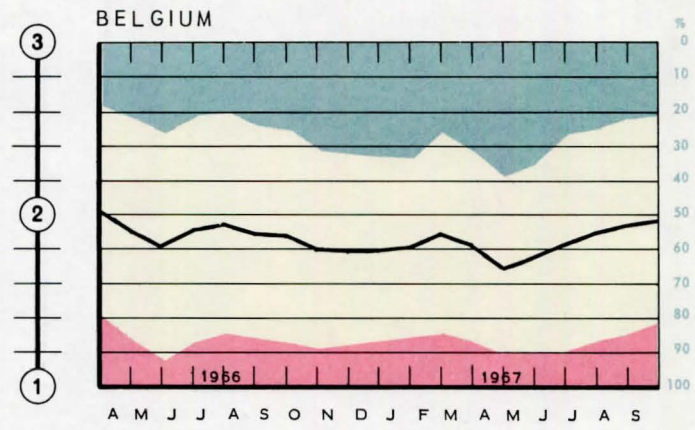
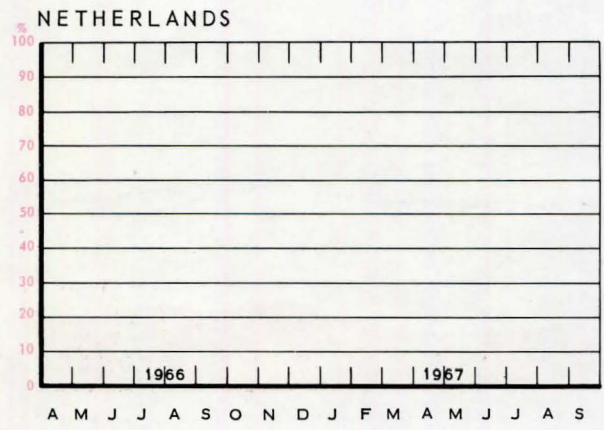
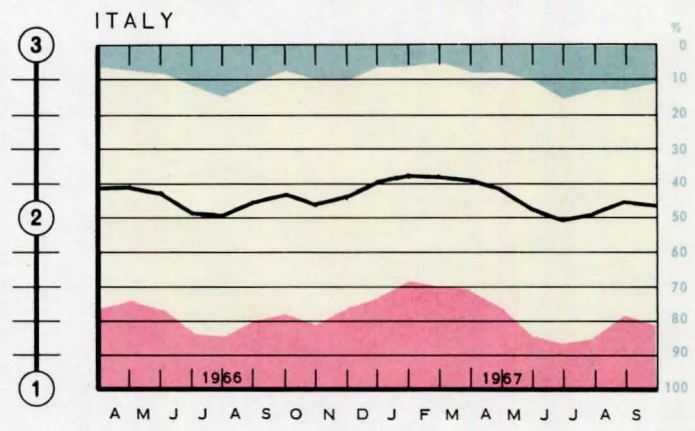
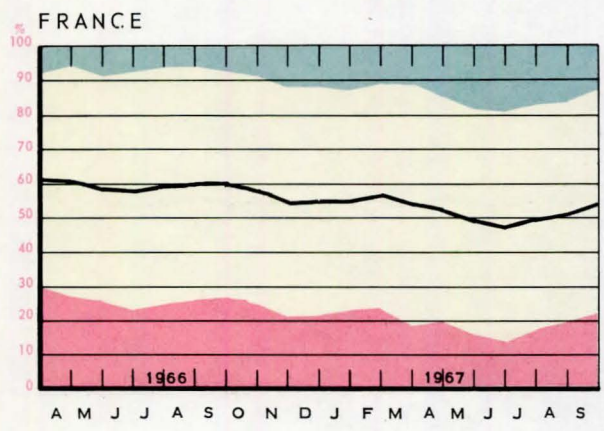
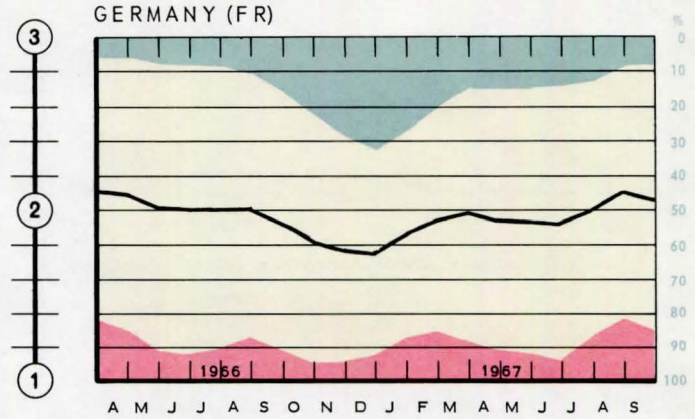
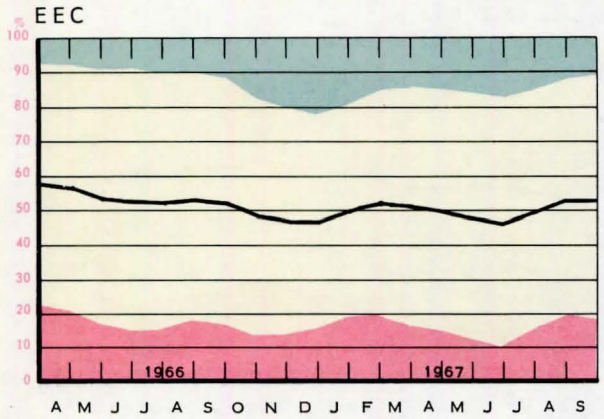
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INDUSTRY AS A WHOLE

Trend in production



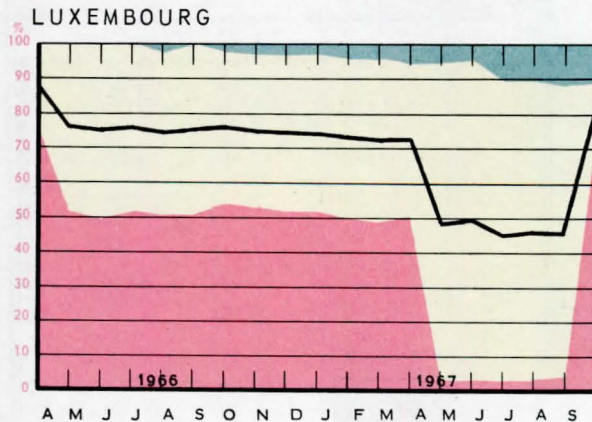
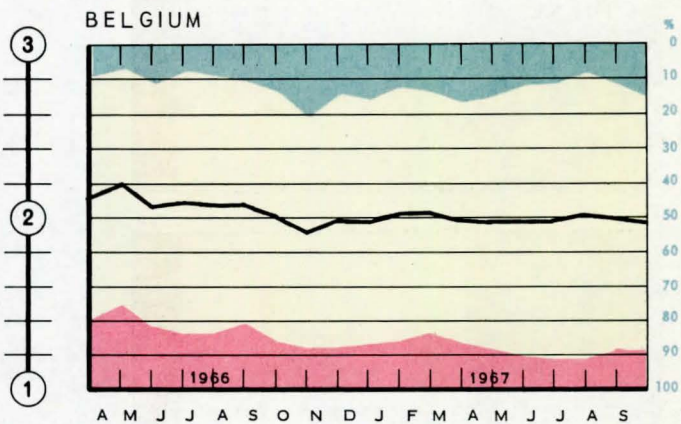
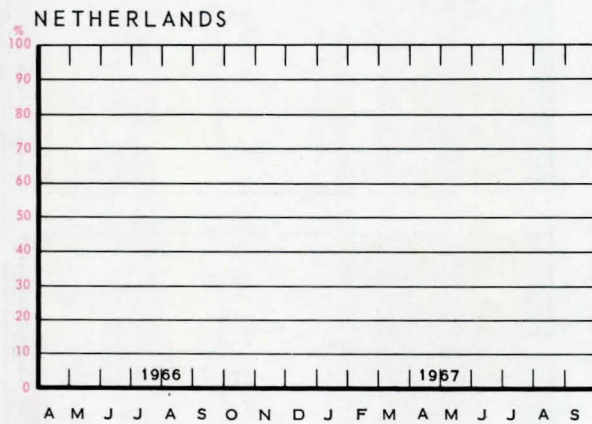
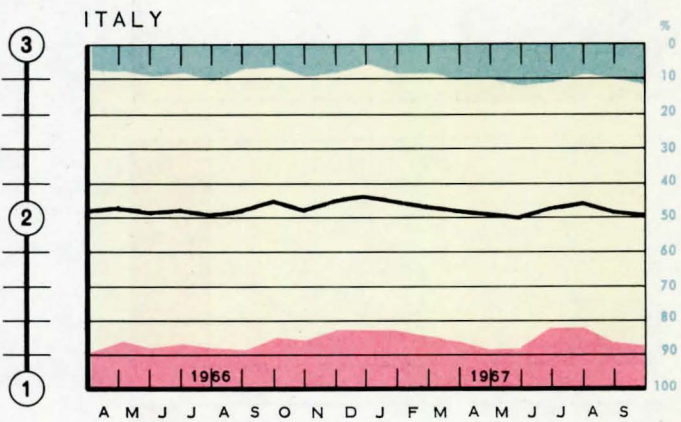
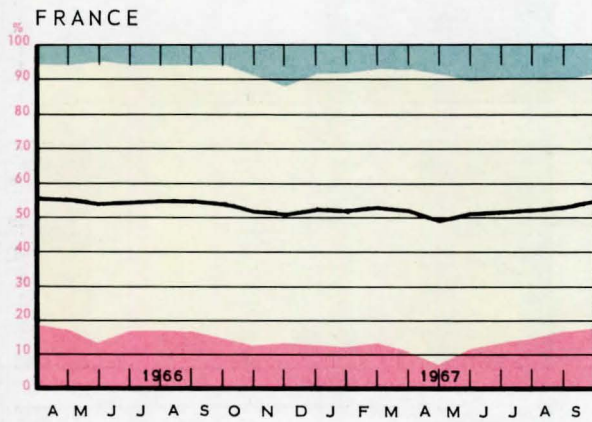
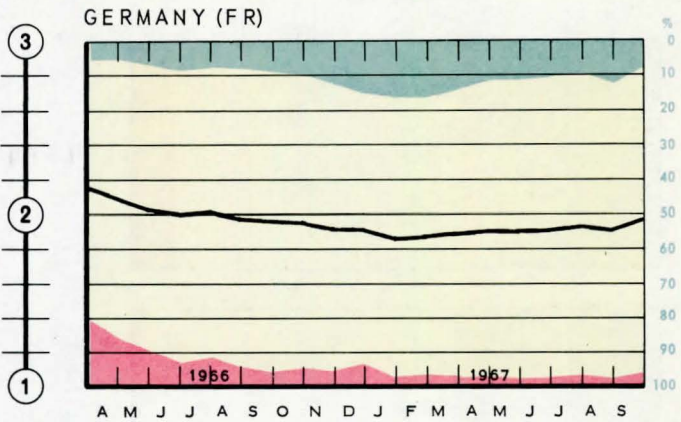
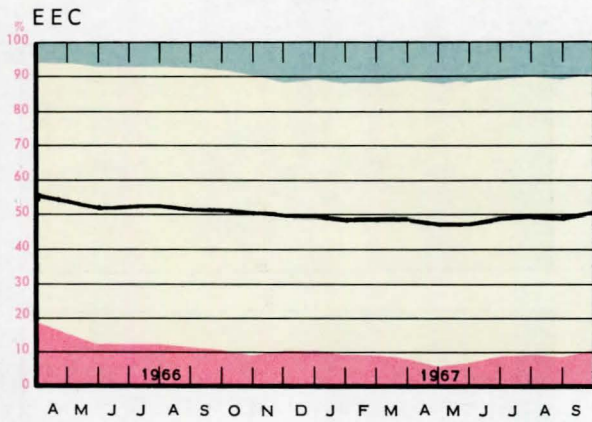
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- by 0.02 for the answer "no change" ;
- by 0.01 for the answer "down".

down
 no change
 up

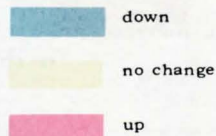
INDUSTRY AS A WHOLE

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:

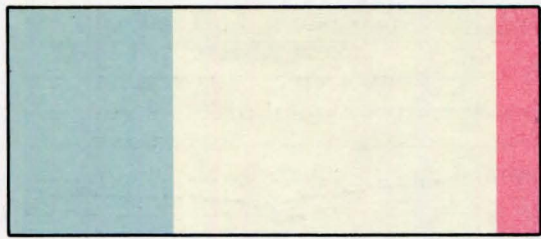
- by 0.03 for the answer "up";
- by 0.02 for the answer "no change";
- by 0.01 for the answer "down".



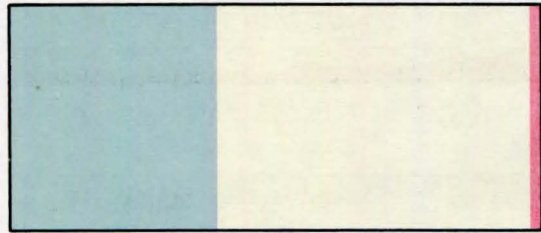
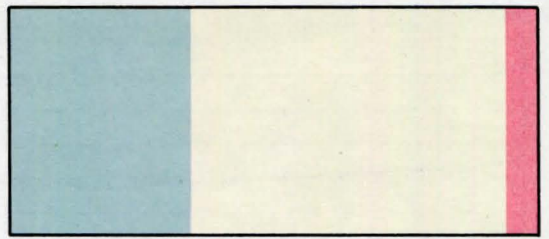
INDUSTRY AS A WHOLE

Assessment of production capacity
(January 1967)

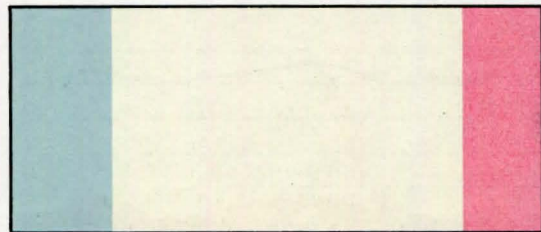
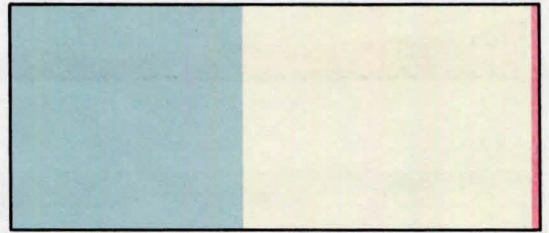
Assessment of production capacity
(May 1967)



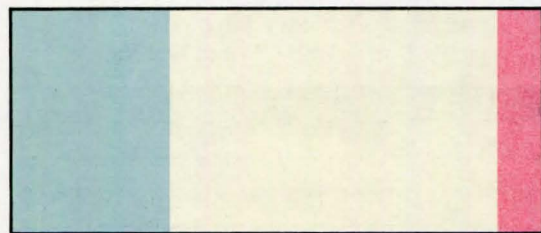
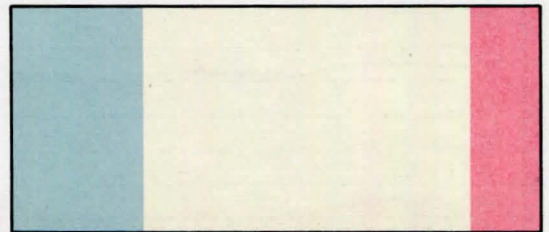
EEC



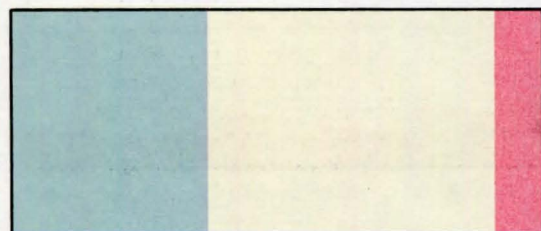
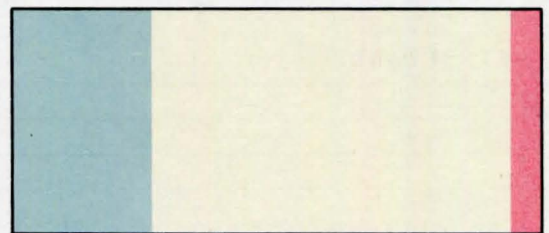
GERMANY
(FR)



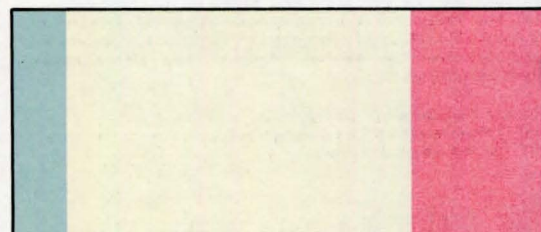
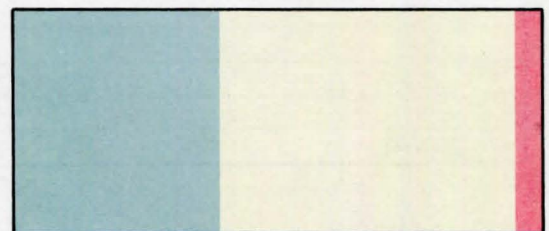
FRANCE



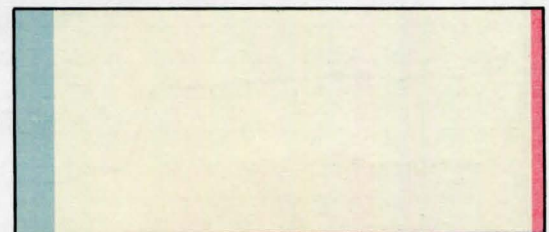
ITALY



BELGIUM

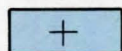


LUXEMBOURG

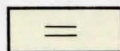


Our present capacity is:

more than
adequate



adequate



inadequate



CONSUMER GOODS

In the Federal Republic of Germany, the consumer goods industries have continued to suffer from the weak trend of spending by households due to the slowdown in the growth of incomes and the tendency to build up savings as a measure of precaution against the uncertain economic situation. Nevertheless, the recovery of activity has been exerting a beneficial influence for several months in this sector. The results of the latest surveys are much better. Even if the assessments of total order-books are still poor, they have definitely improved: at the end of March 53% of managements considered the level of orders below normal, but this opinion was shared by only 36% by the end of September. It would appear that stocks have tended to ease down and production expectations, which had improved slightly in the spring already, now point to an increase. In the last two months they reached their highest level for a year: at the end of September 17% of managements expected activity to pick up, as against 9% at the end of March.

In France, activity in the consumer goods industries remained subdued in the summer, owing to the reluctance of households to step up spending in the face of the rather slow growth of incomes and the uncertain situation on the labour market. However, of late there has apparently been a significant improvement. Reports on total order-books, which had deteriorated steadily until the middle of the year, are now less pessimistic; the proportion of managements judging the level of orders unsatisfactory fell from 48% at the end of June to 39% at the end of September. The latest surveys also disclose a fall in stocks of finished products, while production expectations, following a rather pronounced decline, are gradually improving; in June the negative reports outnumbered the positive ones, but the two sides balanced out in September. Consequently, there is hope that activity will gather momentum again, particularly for consumer durables; this revival will probably reach its peak at the end of the year, when dealers will replenish their stocks previously kept down in view of the application at all levels of the tax on value added as from 1 January 1968.

In Italy, demand for consumer goods appears to have slackened. The proportion of managements considering their total order-books above normal continued to decline; it fell from 30% at the end of May to 15% at the end of September. The trend is the same for demand from abroad, which has been declining steadily since March. Reports on stocks of finished products show little change. The period for which work is assured shortened between March and September. Production expectations deteriorated along the same lines until the end of June, when they rallied to show definite optimum by September. This suggests that the current weakness in this field will probably not grow excessive and is even likely to disappear fairly rapidly.

In Belgium, the results of the latest surveys have continued to suggest a very weak rate of expansion for the consumer goods industries; nevertheless they hold out hopes of an improvement. Reports on total order-books have improved since the summer; at the end of September, 60% of managements considered the level of orders "normal" or "above normal", as against 43% at the end of March. The assessments of foreign order-books have also been more favourable, while there appears to be evidence that stocks have contracted a little. The period of activity assured by orders has remained the same, but production expectations, which had been very poor in the spring, have definitely improved, with predictions of expansion outnumbering predictions of contraction for the first time for more than a year. At the end of September, 83% of managements expected production to remain unchanged or rise, as against 70% at the end of March. There was no change in the price climate.

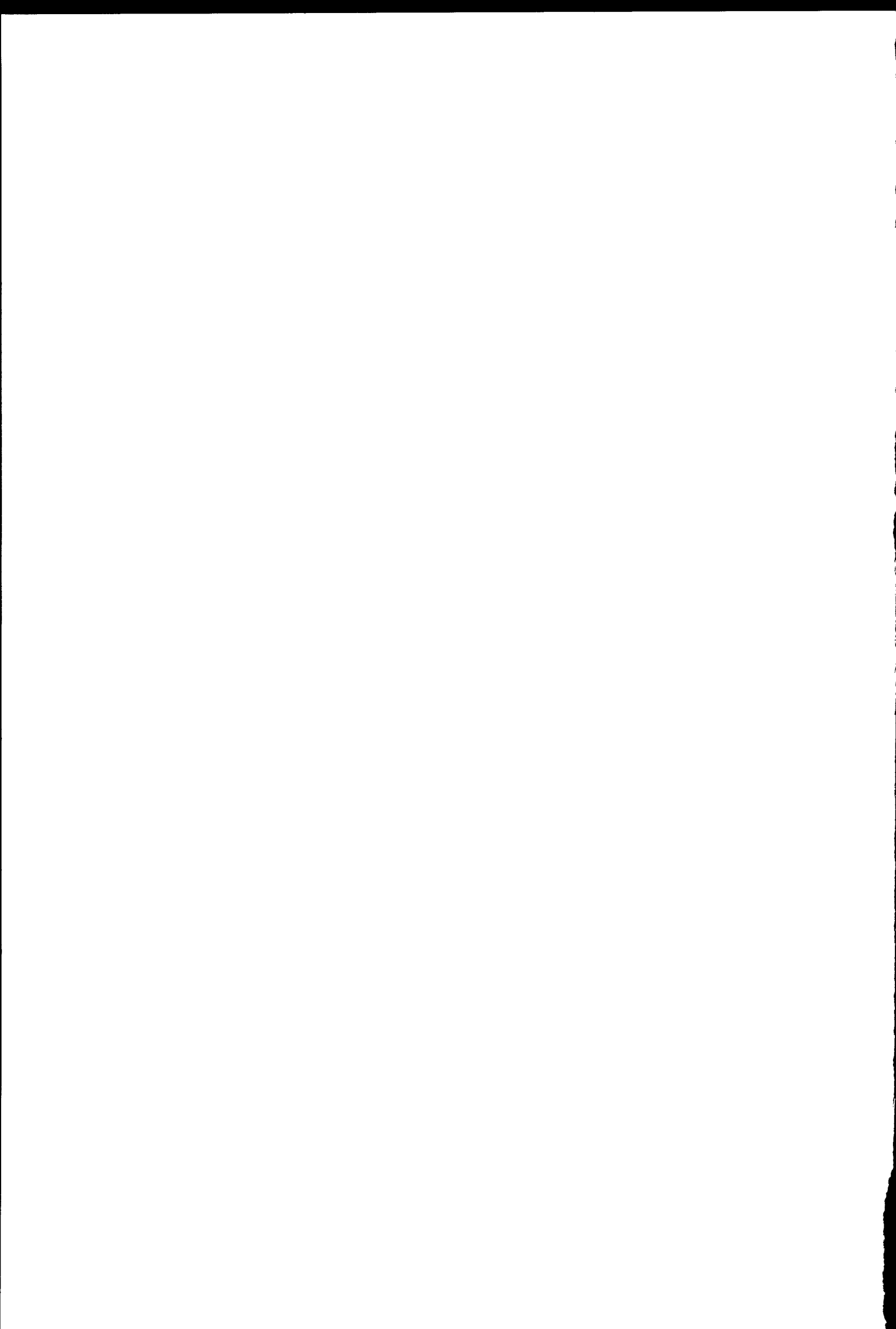
In the Community as a whole, activity in the consumer goods sector, as reflected in the surveys, was rather subdued. There was still a large number of managements reporting total order-books "below normal", while demand from abroad remained rather weak. The latest results nevertheless reveal signs of an improvement, since production expectations have become more optimistic; at the end of September 19% of managements expected an increase in their activity, as against 10% at the end of May.

In the industries non-durable consumer goods, the replies to the surveys stopped deteriorating at the beginning of the spring. Order-books are still fairly poor and there has been no change in the period for which work is assured, but production is expected to rise. In garments and knitwear, expansion remained slow and stocks relatively high; production expectations are improving. Leather and footwear showed a similar trend.

In the durable consumer goods industries, the rate of production, as reflected in the surveys, has hardly increased since the last report and has stayed at a rather low level. Nevertheless reports of production expectations show that optimism revived in the course of the summer. In the motor vehicle industry, the caution displayed by managements in the spring has given way to renewed confidence; stocks have been run down sharply and the trend of production is favourable again. In the industries supplying households — metal articles, precision engineering articles, domestic appliances and furniture — demand remained weak, but the outlook is clearly improving.

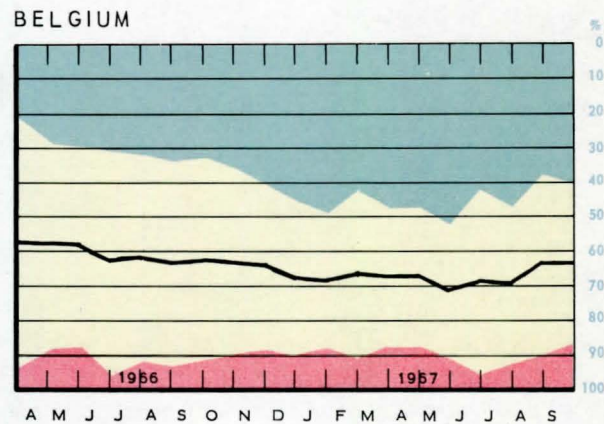
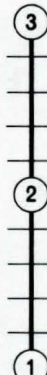
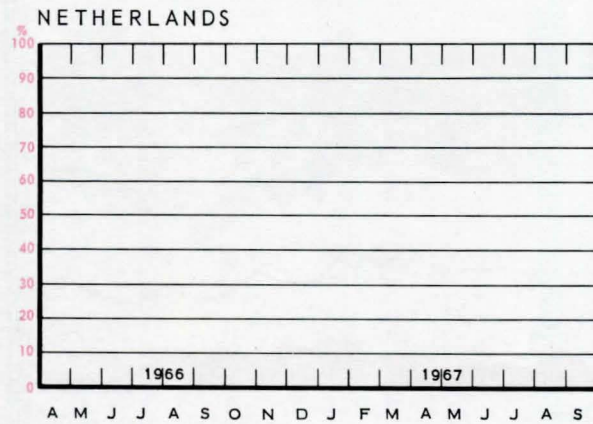
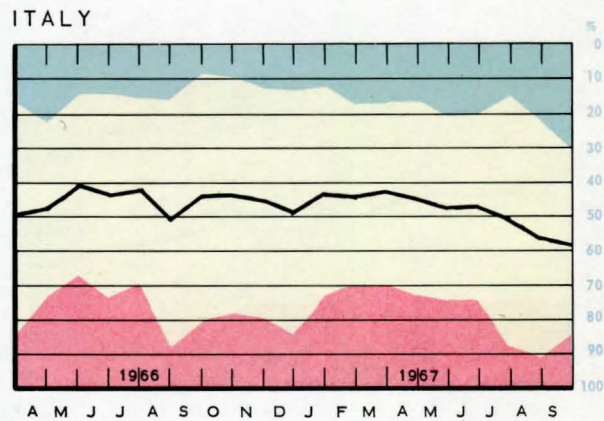
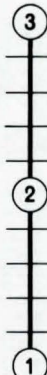
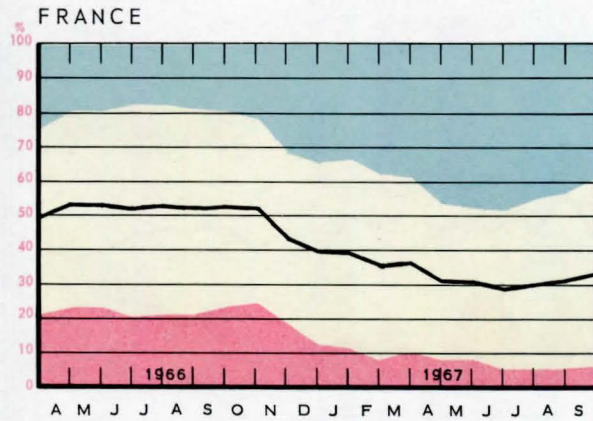
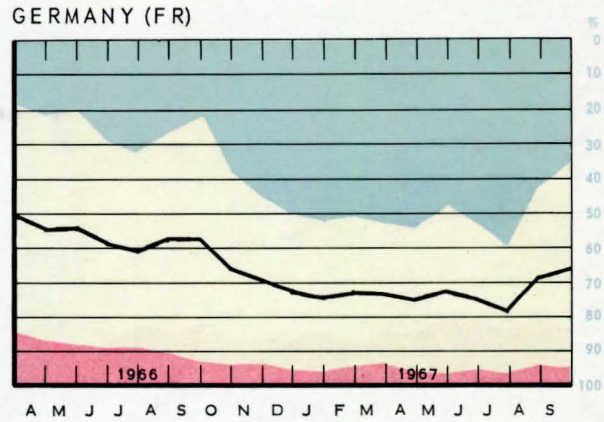
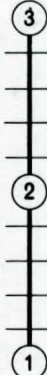
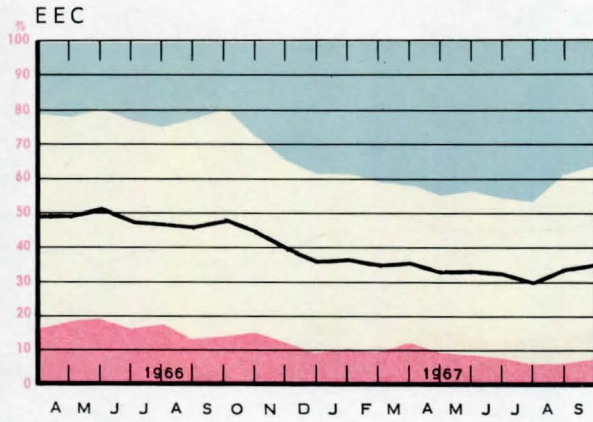
(the figures are percentages of replies received)

Country	Questions 1967	Assessments															Expectations									
		Total order-book					Export order-book					Stocks of finished products					Production					Selling prices				
		M	J	J	A	S	M	J	J	A	S	M	J	J	A	S	M	J	J	A	S	M	J	J	A	S
GERMANY (FR)	+	3	4	3	5	4	15	11	5	13	8	34	30	32	25	22	5	6	19	25	17	1	1	2	2	1
	=	49	43	37	53	60	51	56	60	55	60	62	67	65	63	64	73	81	66	66	75	90	91	91	88	93
	-	48	53	60	42	36	34	33	35	32	32	4	3	3	12	14	22	13	15	9	8	9	8	7	10	6
FRANCE	+	8	5	5	5	6	20	17	10	4	6	33	33	30	26	21	13	11	15	18	16	12	16	17	18	17
	=	45	47	50	52	55	44	49	56	61	61	66	66	66	67	72	63	66	63	59	68	79	77	73	70	74
	-	47	48	45	43	39	36	34	34	35	33	1	1	4	7	7	24	23	22	23	16	9	7	10	12	9
ITALY	+	26	26	12	9	15	25	22	7	8	7	20	18	20	16	29	14	11	18	23	23	12	11	15	13	13
	=	53	54	73	69	54	43	46	66	60	67	77	77	77	68	67	71	67	56	54	70	79	79	75	76	74
	-	21	20	15	22	31	32	32	27	32	26	3	5	3	16	4	15	22	26	23	7	9	10	10	11	13
NETHERLANDS	+																									
	=																									
	-																									
BELGIUM	+	9	4	7	10	13	14	5	3	5	6	31	26	20	15	23	15	12	18	19	26	17	15	15	16	18
	=	39	54	47	53	47	34	41	48	55	53	62	69	70	71	67	45	54	53	66	57	80	80	83	81	79
	-	52	42	46	37	40	52	54	49	40	41	7	5	10	14	10	40	34	29	15	17	3	5	2	3	3
LUXEMBOURG	+																									
	=																									
	-																									
EEC	+	9	8	6	6	7	18	14	6	10	7	31	29	28	23	23	10	9	17	22	19	8	9	10	10	10
	=	48	47	48	56	57	46	51	59	57	61	66	68	68	66	67	68	72	63	62	70	84	83	82	80	82
	-	43	45	46	38	36	36	35	35	33	32	3	3	4	11	10	22	19	20	16	11	8	8	8	10	8



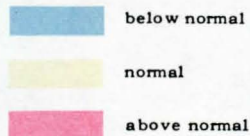
CONSUMER GOODS

Order-books



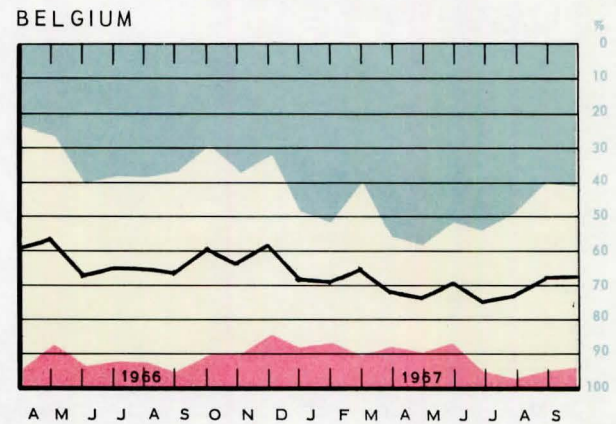
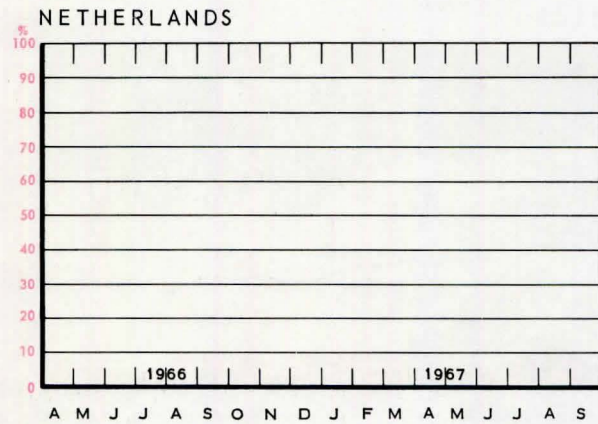
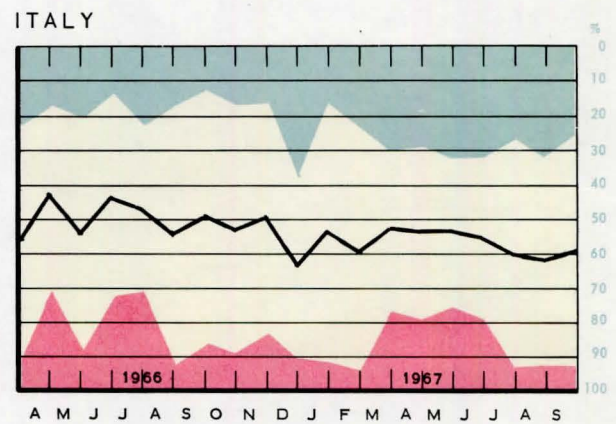
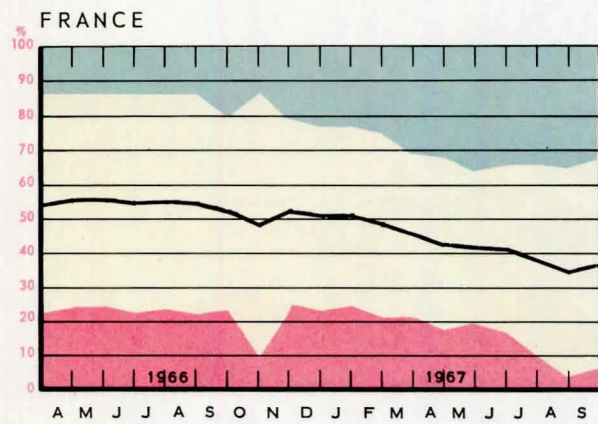
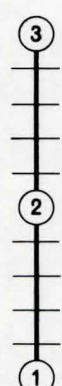
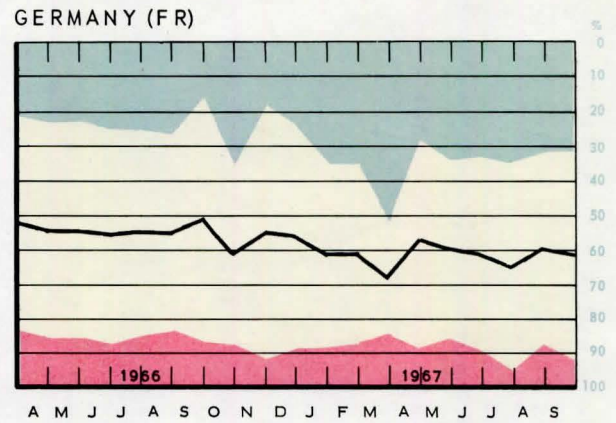
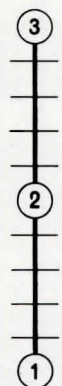
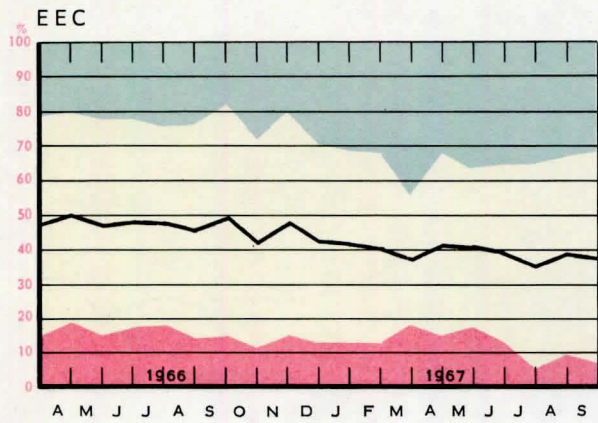
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

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



CONSUMER GOODS

Export order-books



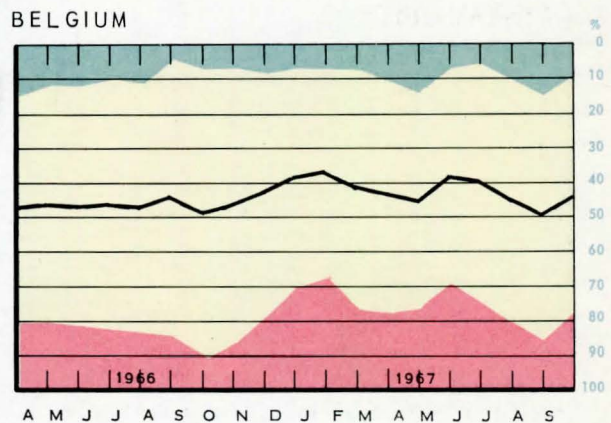
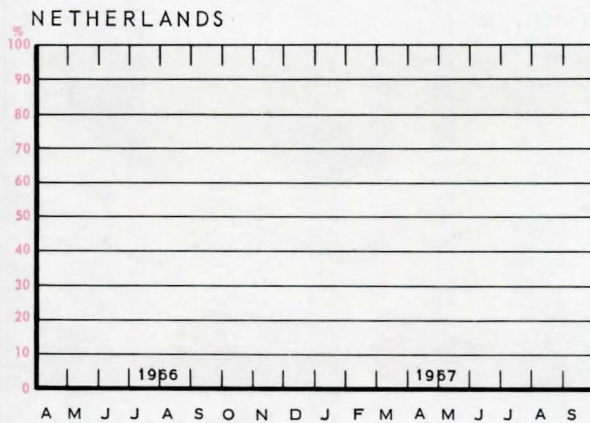
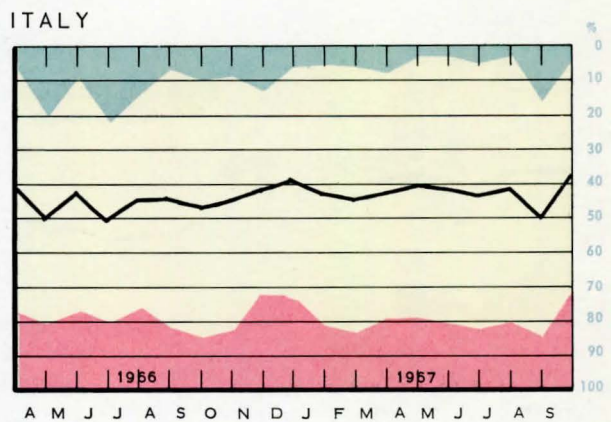
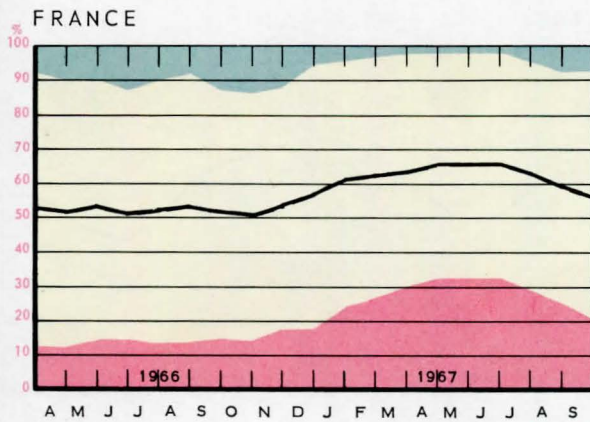
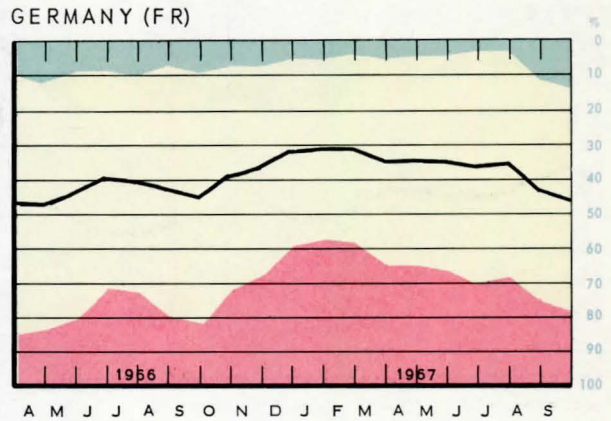
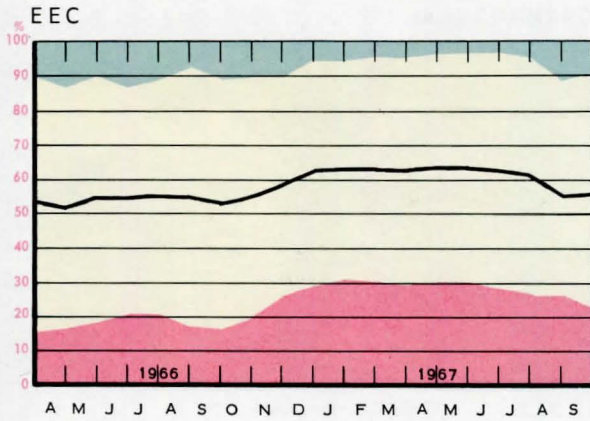
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

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



CONSUMER GOODS

Stocks of finished products



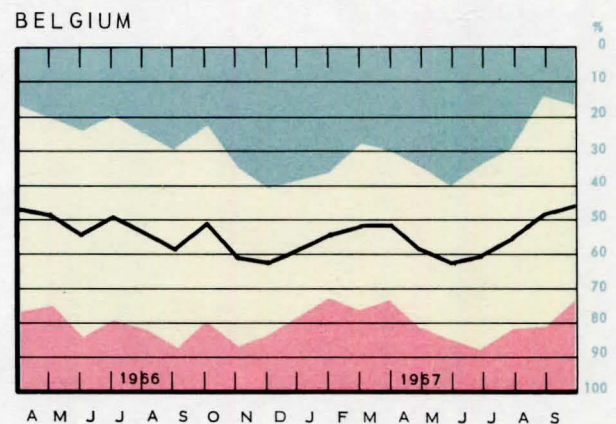
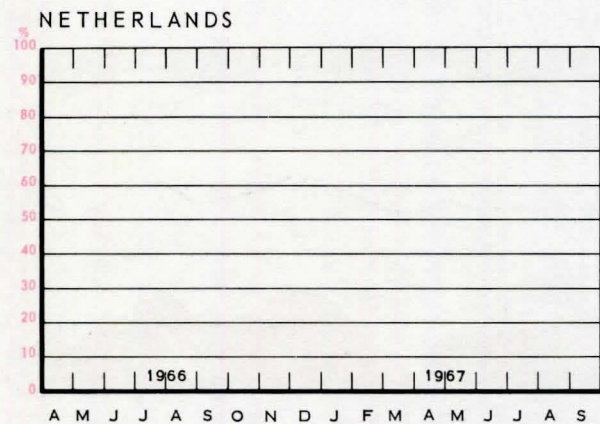
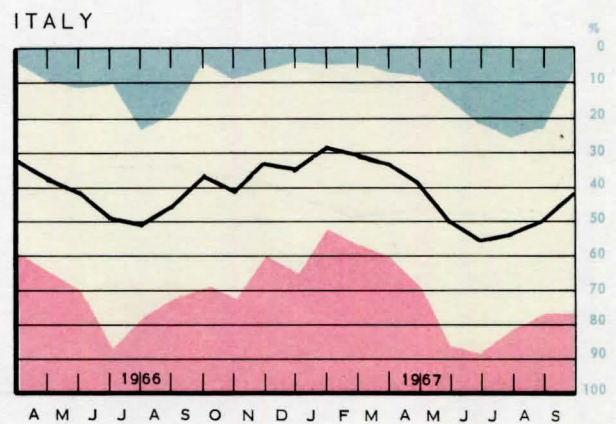
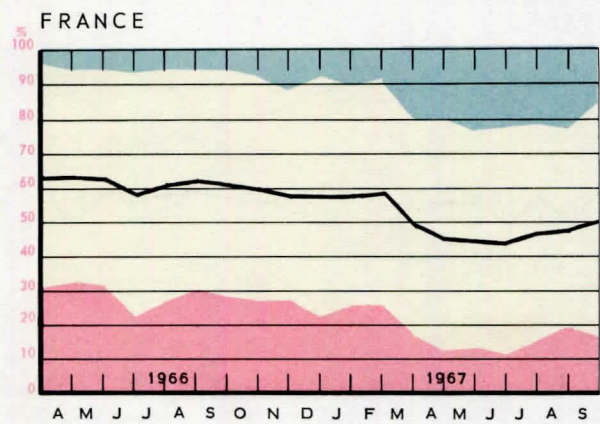
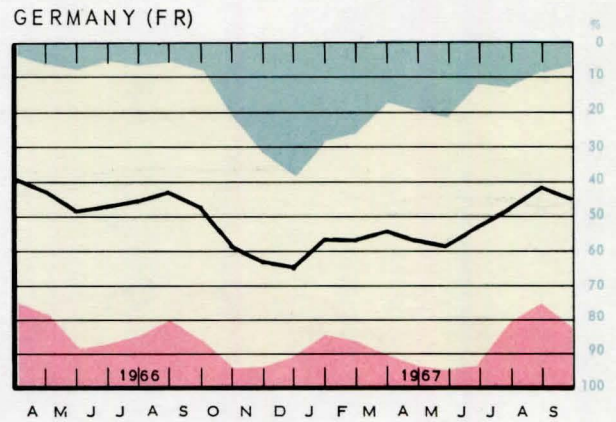
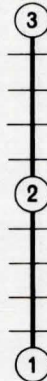
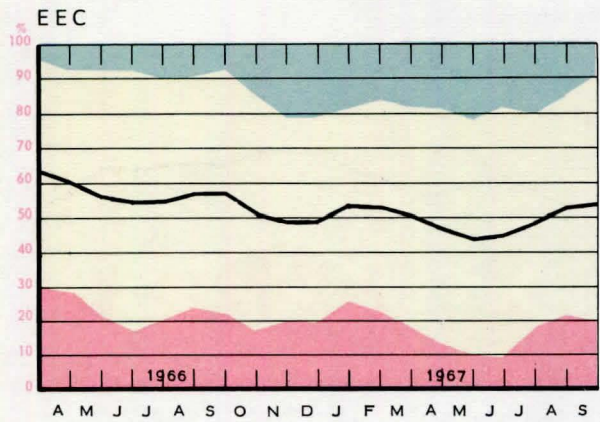
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

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



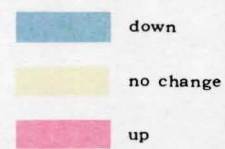
CONSUMER GOODS

Trend in production



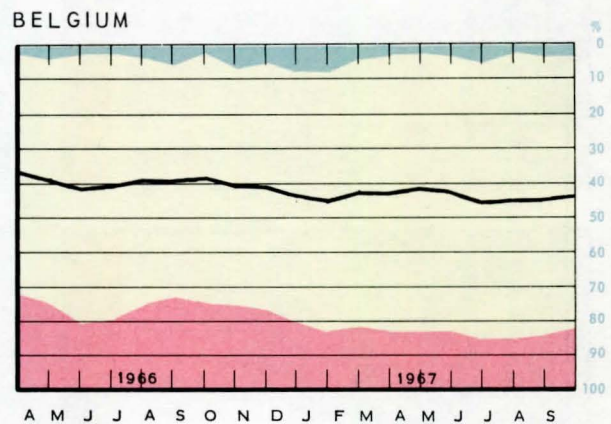
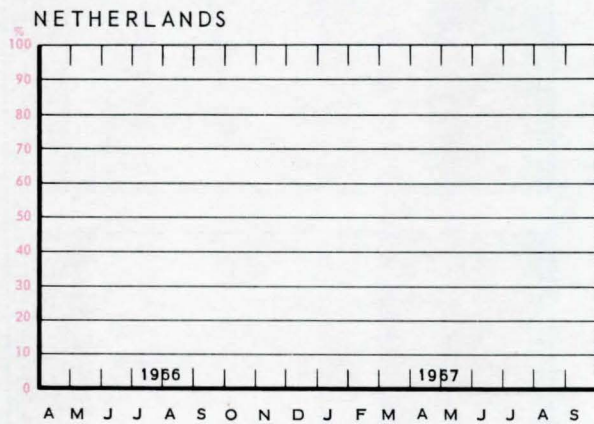
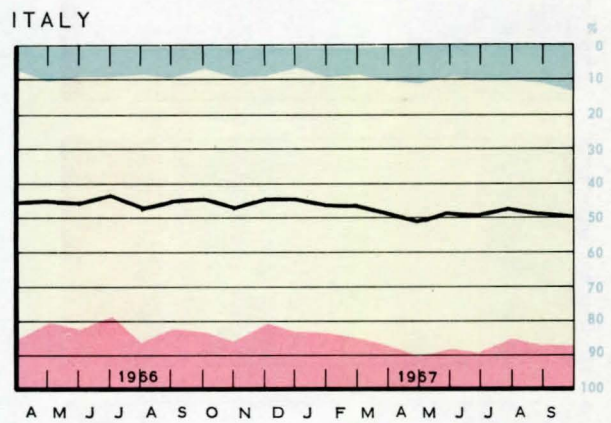
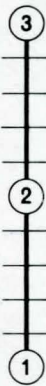
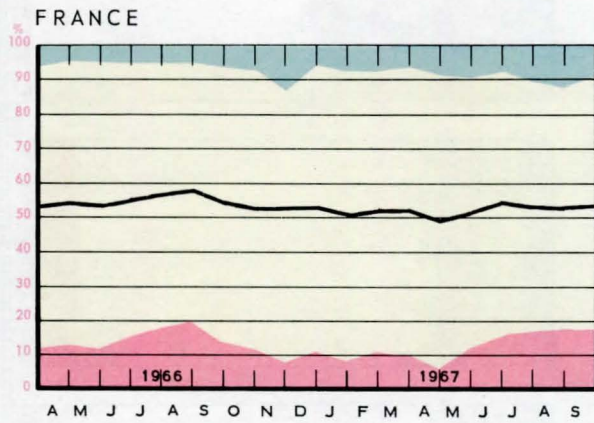
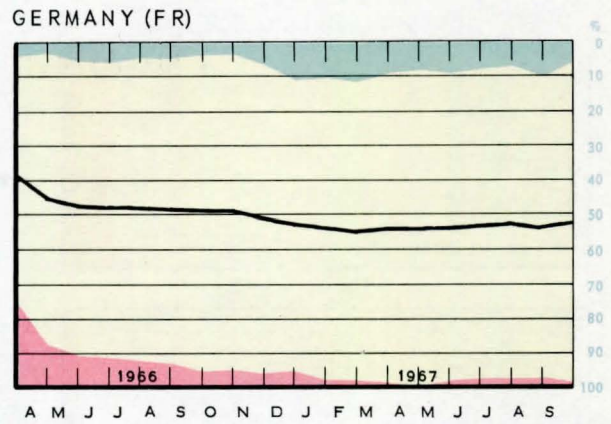
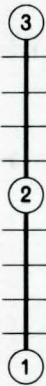
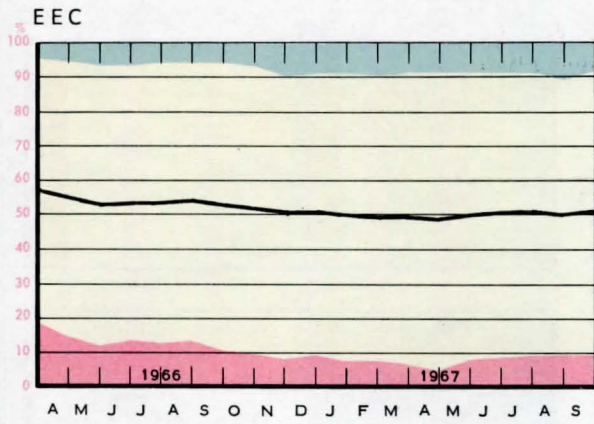
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

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



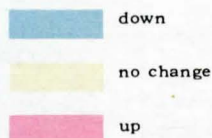
CONSUMER GOODS

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:

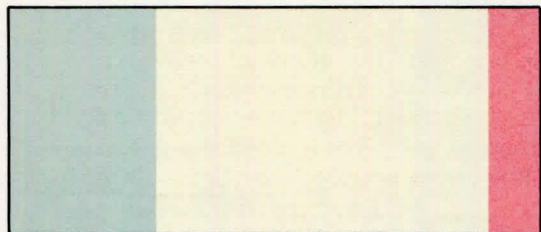
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- by 0.02 for the answer "no change";
- by 0.01 for the answer "down".



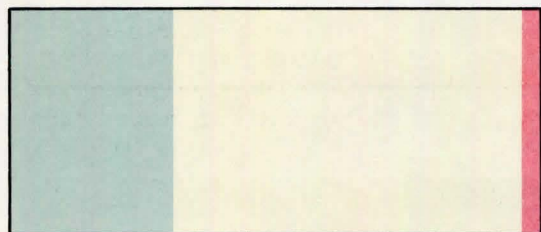
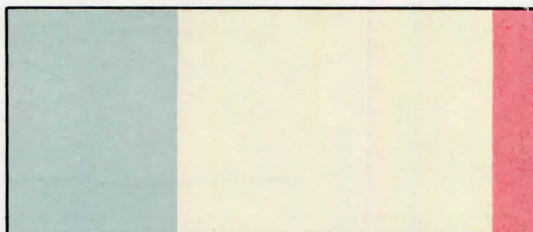
CONSUMER GOODS

Assessment of production capacity
(January 1967)

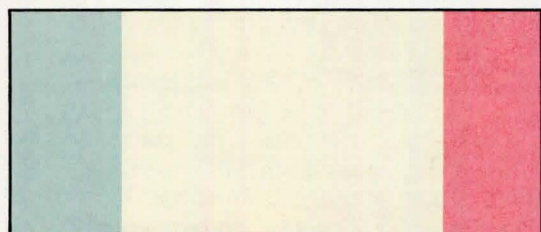
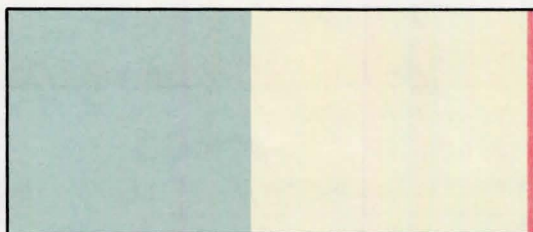
Assessment of production capacity
(May 1967)



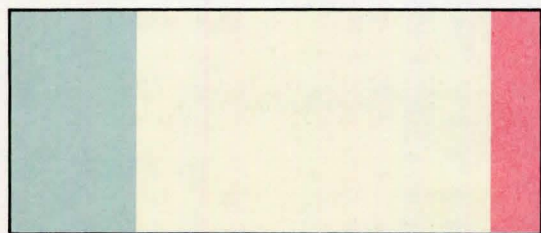
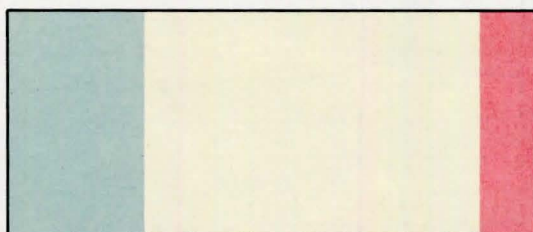
EEC



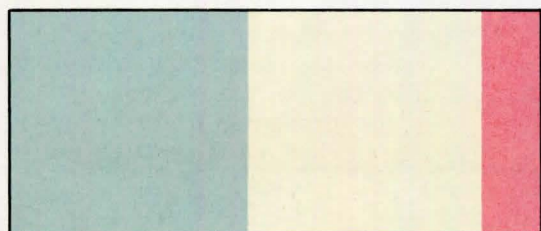
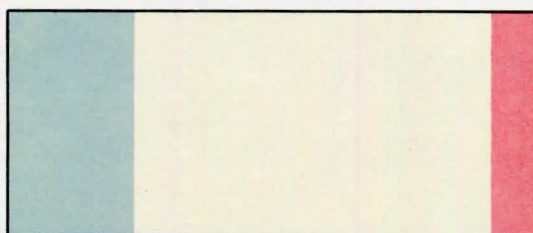
GERMANY
(FR)



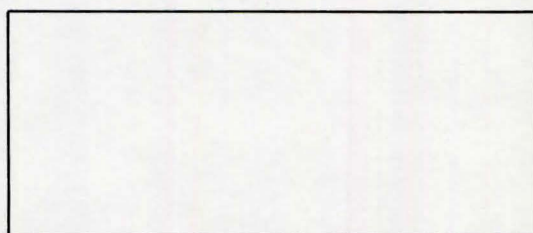
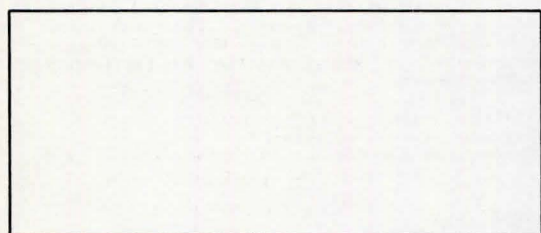
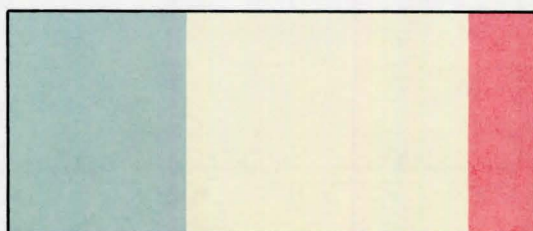
FRANCE



ITALY

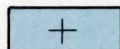


BELGIUM

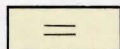


Our present capacity is:

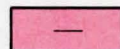
more than
adequate



adequate



inadequate



CAPITAL GOODS

In the Federal Republic of Germany the situation in the capital goods industries has continued to reflect the effects of the drop in demand; the trend came to a halt in the spring but it left demand at a fairly low level. Since the summer there has been evidence of an appreciable improvement, confirming the first signs of recovery foreshadowed in the previous report. The assessments of total order-books have improved slightly; the proportion of managements considering the level of orders too low fell from 63% in March to 51% in September. Demand from abroad has maintained its level and stocks appear to have contracted a little. The period for which work is assured has lengthened slightly and production expectations have improved gradually, with optimism reaching the highest point at the end of September since April 1966: the difference between positive and negative replies rose from -11% at the end of March to +1% by the end of September. The price climate has remained quiet. In industries associated with building, business activity appears to have picked up, with the policy of the public authorities in this field probably providing the main stimulus. Managements are sending in more favourable replies with regard to their order-books and their production expectations.

In France, the capital goods industries were very buoyant during the early months of the year, owing to the stimulus provided by the orders which customers placed before the end of 1966 to qualify for the tax deductions. Since the spring a pessimistic note has emerged in the replies of managements, with firms apparently hesitating before committing fresh investment funds. Lately there have, however, been some signs of stabilization: the assessments of total order-books have slowly deteriorated since the end of March, but the latest surveys reveal signs of stabilization inasmuch as production expectations, which had been declining until the end of June, have recovered; at the end of the first half of the year 78% of managements expected output to run level or to rise; this opinion was shared by 85% by the end of September. The replies to the surveys point to a firmer tendency in selling prices. For industries associated with building, the improvement referred to in the previous report has continued, the main contribution coming from a revival in the housing sector, which has been encouraged by various measures, including action in support of publicly-assisted housing.

In Italy the surveys show that the situation in the capital goods industry is still fairly satisfactory, but there appears to have been a decline in the course of the summer. Since June, the assessments of total order-books, though in no way a source of concern, have become less favourable; at the end of September, 71% of managements considered the level of orders normal or high. Demand from abroad in particular may have weakened and is probably still doing so. It looks as if stocks of finished goods have shown little change, but the period for which work is assured shortened appreciably between March and September. Production expectations have declined rather sharply, in part as a result of seasonal influences, but according to the latest surveys the downward trend can now be expected to come to a halt. In any case, as before there are more managements predicting an expansion than a contraction, and at the end of September 87% of them expected the present tempo either to continue as at present or to gather momentum. In industries associated with building, the improvement in the business situation forecast in the last report now seems to have materialized, witness the increasingly favourable assessments of total order-books. Lately, however, a note of hesitancy has been discernible. The period for which work is assured shortened appreciably between March and September and production expectations, once definitely optimistic, have deteriorated sharply in the last few months.

In Belgium, the pessimism prevailing in this sector for some time already has continued unabated, although the two latest surveys show slight signs of improvement;

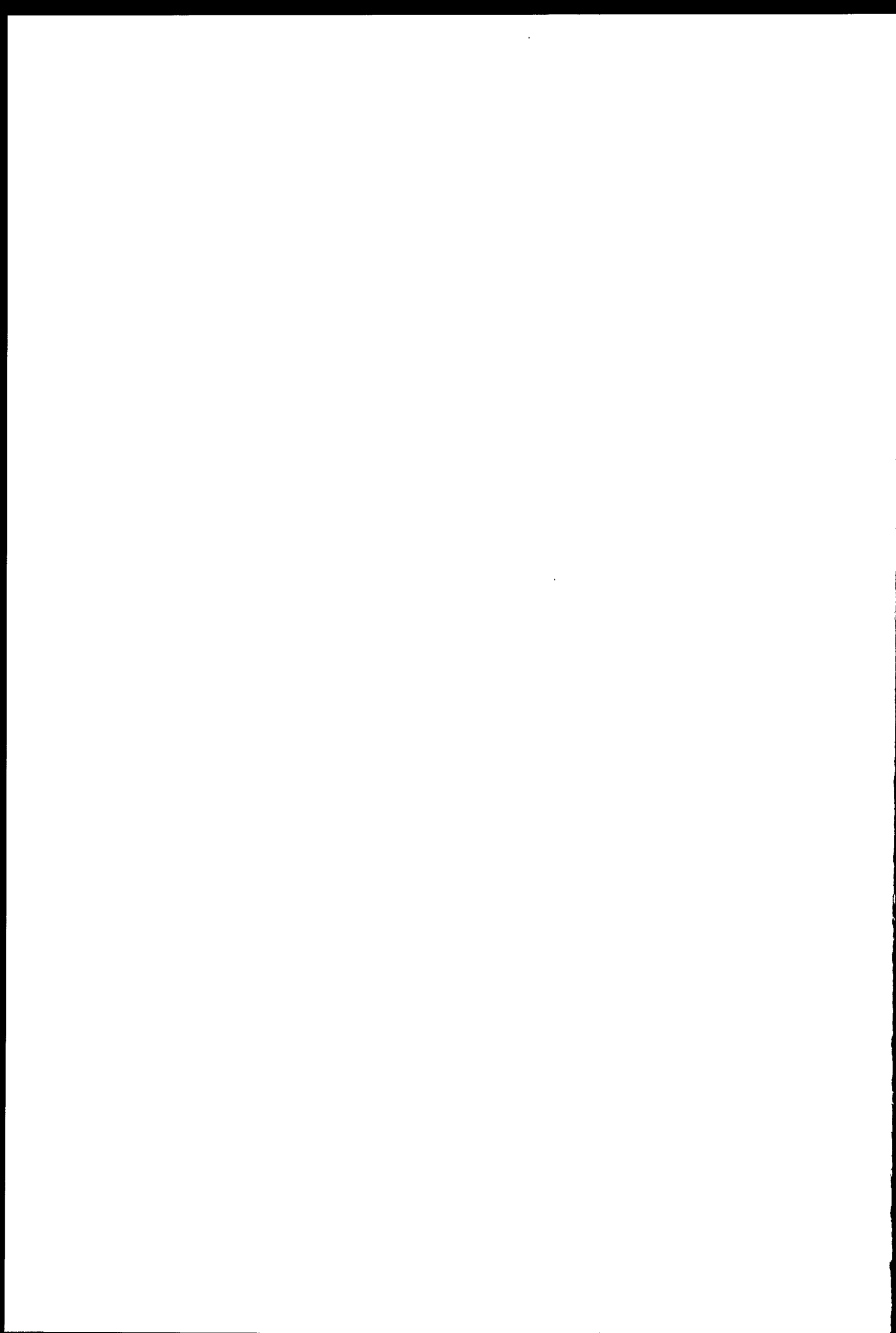
this does not mean, however, that there are hopes of a rapid change in the present trend over the next few months. Managements still regard the level of demand as low; at the end of September, 44% of firms reported their total order-books below normal and 49% felt the same with regard to orders from abroad; in March the proportions were 52% and 49% respectively. Stocks of finished products have probably shown little change and in September the period of production covered by order-books was the same as in March. Perhaps in part under the influence of seasonal factors, production expectations are not as bad as they were; at the end of September 77% of managements expected activity to remain unchanged or improve, as against only 68% at the end of March. In industries connected with building, the replies reveal an appreciable improvement for foreign orders and a less marked pessimism in production expectations, while the period of work covered by orders has become slightly longer.

In the Community as a whole, the results of the latest surveys do not yet amount to sufficient evidence of a permanent improvement in the economic climate. The recovery in the Federal Republic of Germany, which now seems to be clearly under way, does, however, offer the prospect of progressive consolidation, as can be seen from the recent change in production expectations: at the end of September predictions of expansion outnumbered predictions of contraction for the first time for more than a year.

In the commercial vehicle industry, the situation does not appear to have changed to any substantial extent, although there have been small signs of an improvement; reports on the level of orders are more favourable, and the period of production for which work is assured has become longer. For general equipment goods there has not been any major change since the beginning of the year and the situation still appears to be rather sluggish. A high percentage of managements still consider order-books below normal. In mechanical equipment (other than electrical), where managements are still rather pessimistic, there has nevertheless been evidence of a slight improvement lately, leading to a recovery of production expectations, with positive answers clearly outnumbering negative ones in September for the first time in more than a year. In the electrical equipment industry, which had been fairly successful in resisting the general slowdown, managements have continued to show moderate optimism and their assessments of total order-books have even improved.

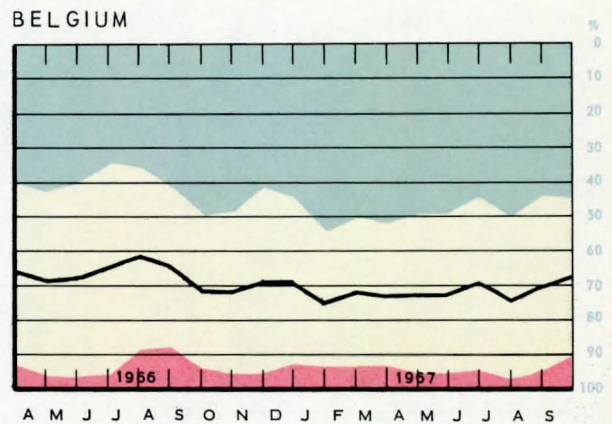
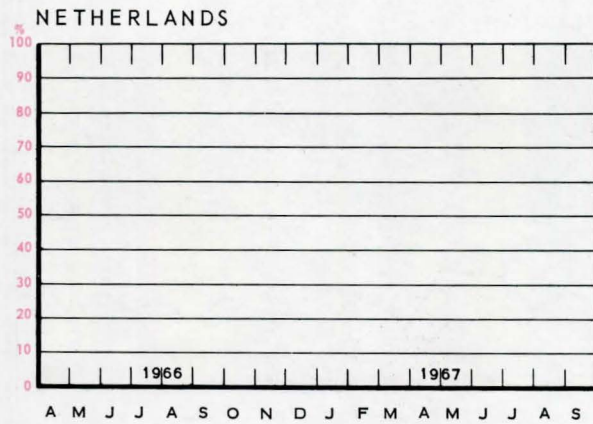
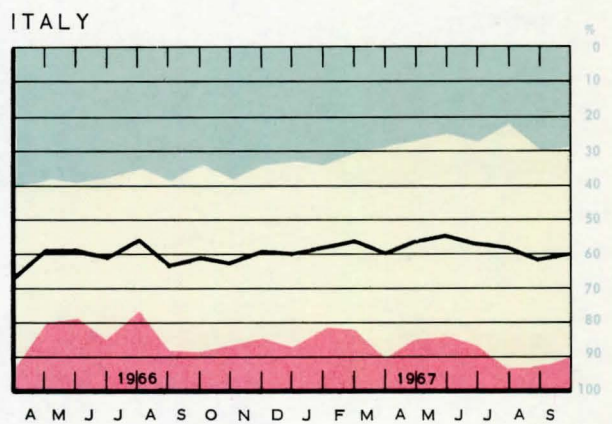
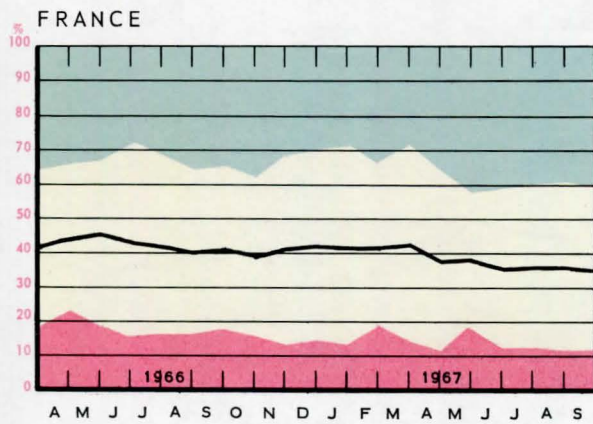
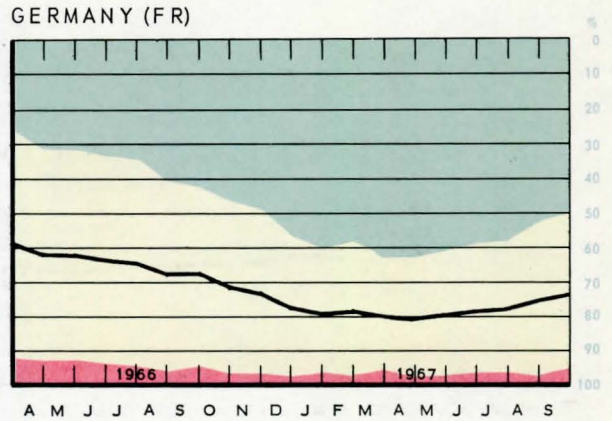
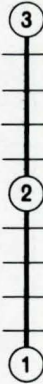
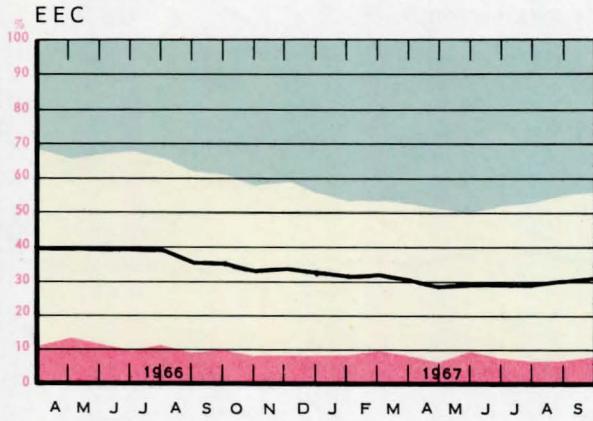
(the figures are percentages of replies received)

Country	Questions 1967	Assessments															Expectations									
		Total order-book					Export order-book					Stocks of finished products					Production					Selling prices				
		M	J	J	A	S	M	J	J	A	S	M	J	J	A	S	M	J	J	A	S	M	J	J	A	S
GERMANY (FR)	+	2	3	3	2	4	10	12	10	10	9	28	29	27	26	25	7	7	10	11	11	1	1	1	1	2
	=	37	38	39	45	45	46	47	46	49	55	71	70	70	70	71	78	77	76	79	79	90	91	91	94	93
	-	61	59	58	53	51	44	41	44	41	36	1	1	3	4	4	15	16	14	10	10	9	8	8	5	5
FRANCE	+	18	12	12	11	11	21	20	16	13	14	32	34	30	26	25	16	14	15	15	21	17	14	18	23	21
	=	40	47	48	50	48	44	38	41	44	45	63	63	67	71	73	61	64	65	68	64	71	81	78	74	76
	-	42	41	40	39	41	35	42	43	43	41	5	3	3	3	2	23	22	20	17	15	12	5	4	3	3
ITALY	+	16	13	6	6	9	12	11	5	10	8	13	16	16	12	21	22	16	17	26	19	18	13	16	15	11
	=	59	60	72	64	62	48	51	59	55	50	82	79	82	81	74	71	70	71	59	68	71	78	78	79	83
	-	25	27	22	30	29	40	38	36	35	42	5	5	2	7	5	7	14	12	15	13	11	9	6	6	6
NETHERLANDS	+																									
	=																									
	-																									
BELGIUM	+	4	5	2	4	9	5	1	2	1	14	28	27	22	26	28	11	11	11	8	14	14	13	11	14	13
	=	47	51	48	52	47	44	45	54	45	37	62	63	67	64	64	57	66	63	68	63	82	83	84	81	80
	-	49	44	50	44	44	51	54	44	54	49	10	10	11	10	8	32	23	26	24	23	4	4	5	5	7
LUXEMBOURG	+																									
	=																									
	-																									
EEC	+	9	7	6	6	7	11	12	10	10	10	27	29	26	24	25	12	11	13	14	15	9	7	9	11	10
	=	41	45	47	49	49	46	45	47	48	51	69	68	71	72	71	70	71	71	72	72	81	86	85	84	85
	-	50	48	47	45	44	43	43	43	42	39	4	3	3	4	4	18	18	16	14	13	10	7	6	5	5



CAPITAL GOODS

Order-books



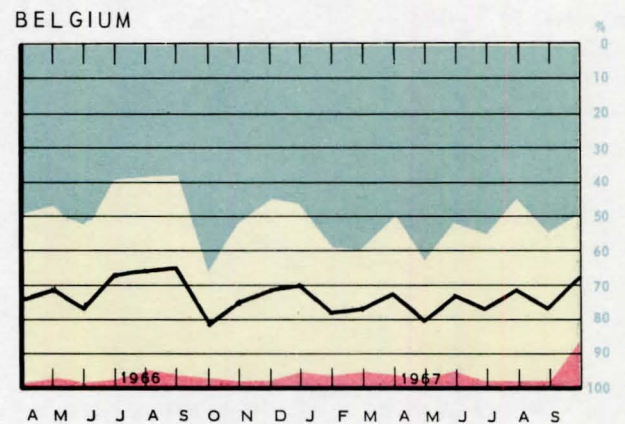
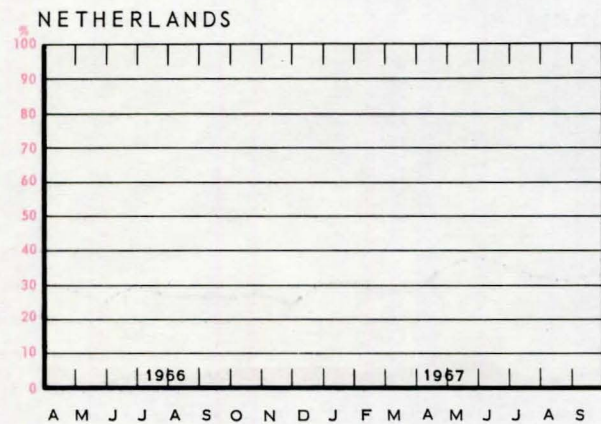
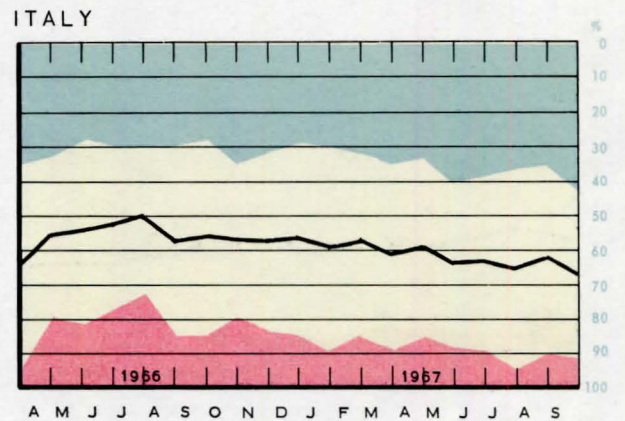
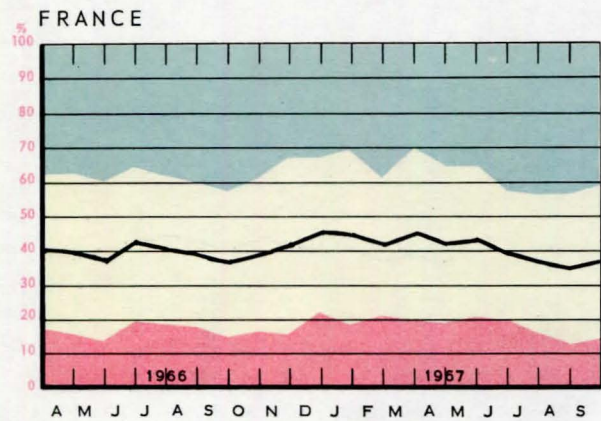
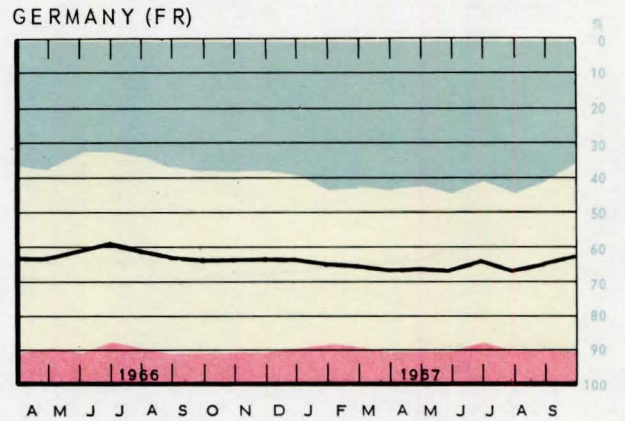
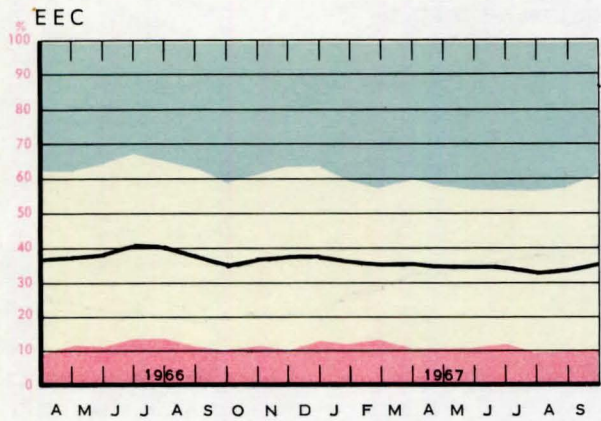
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

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



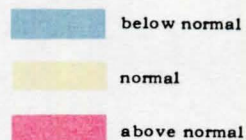
CAPITAL GOODS

Export order-books



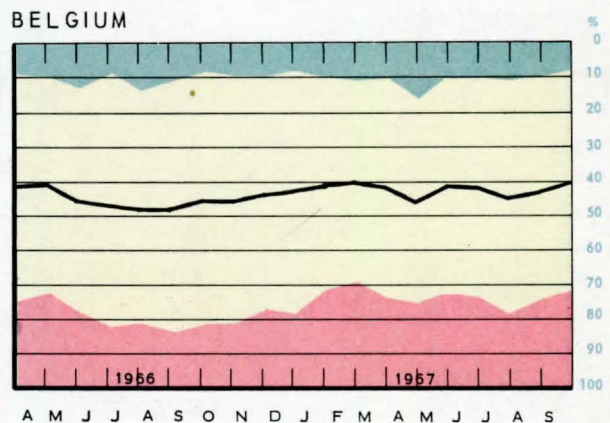
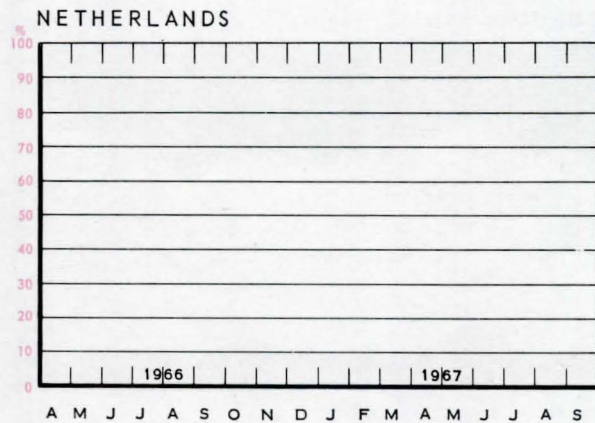
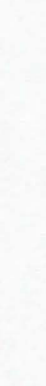
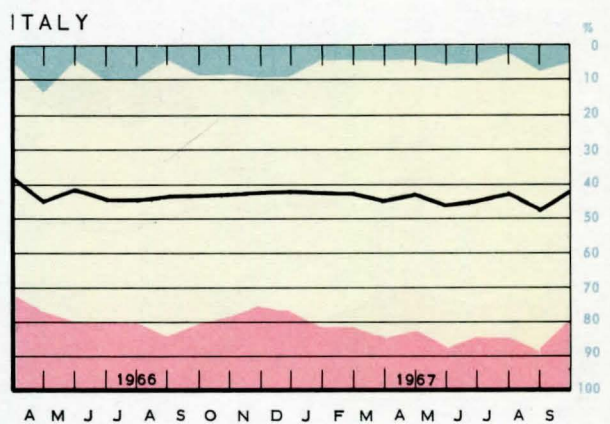
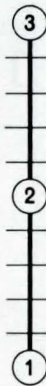
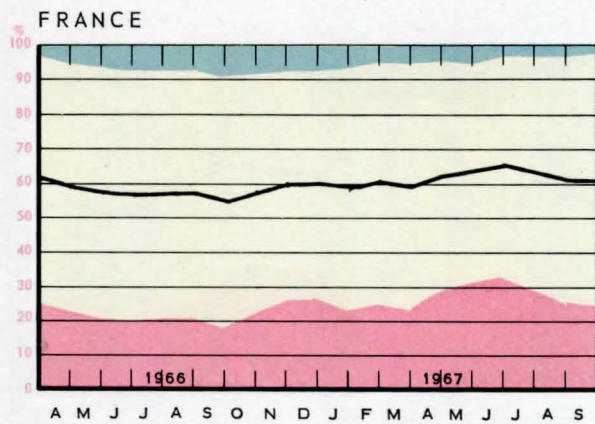
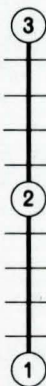
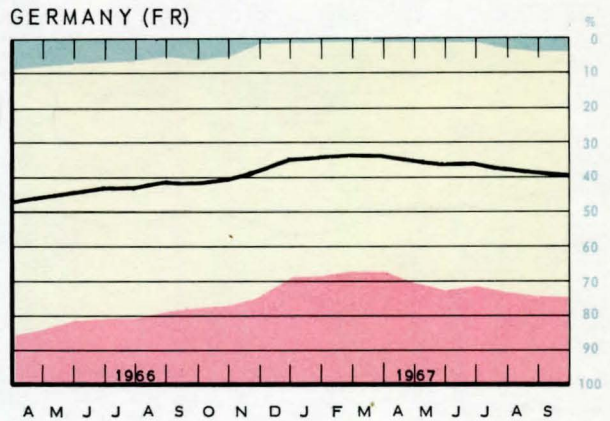
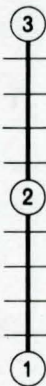
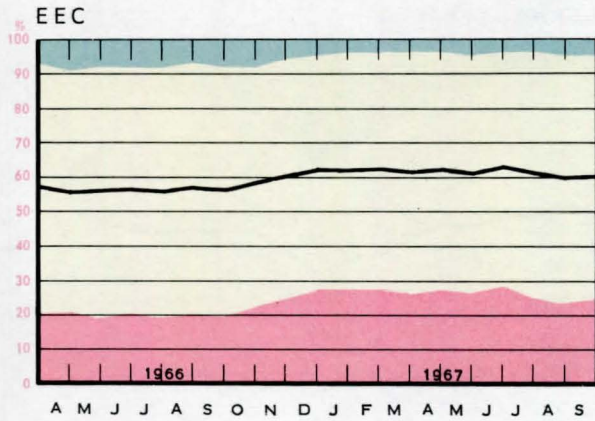
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- by 0.02 for the answer "normal";
- by 0.01 for the answer "below normal";



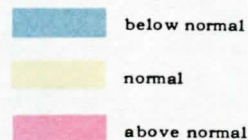
CAPITAL GOODS

Stocks of finished products



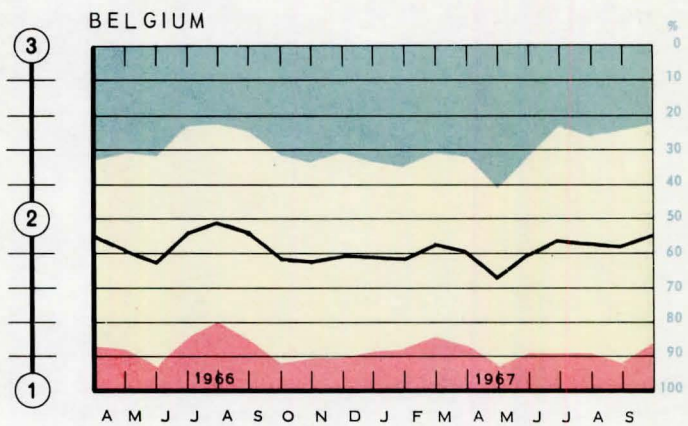
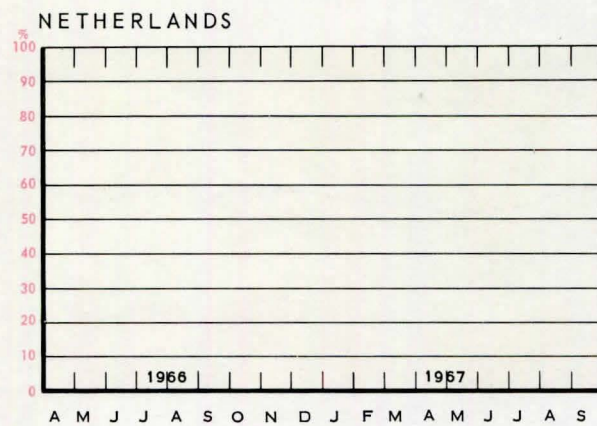
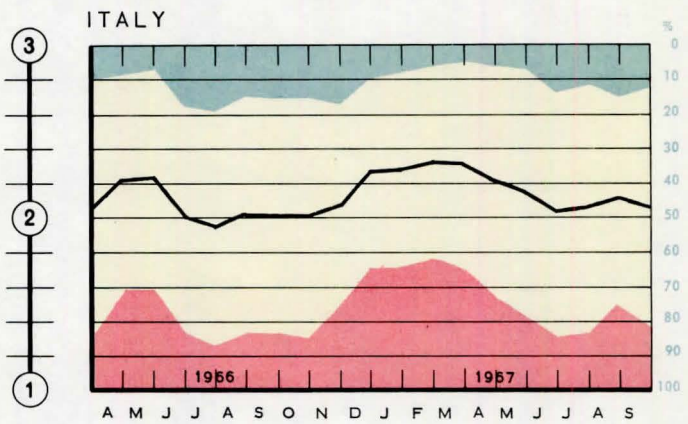
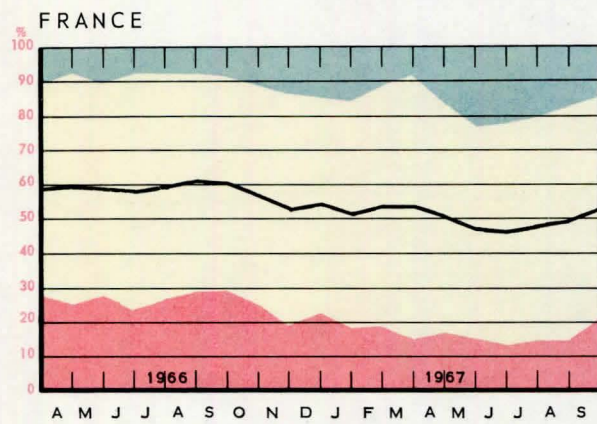
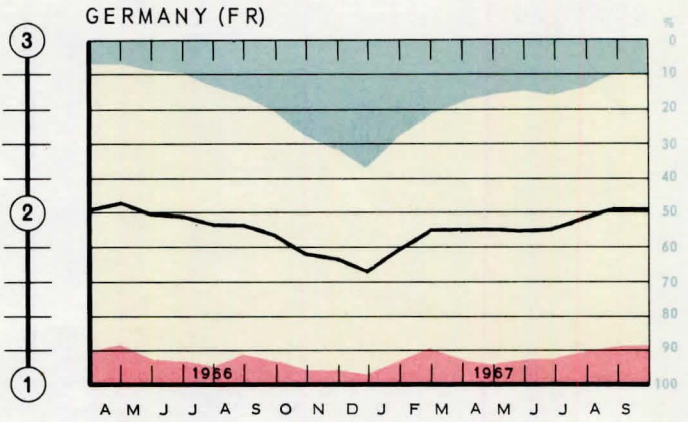
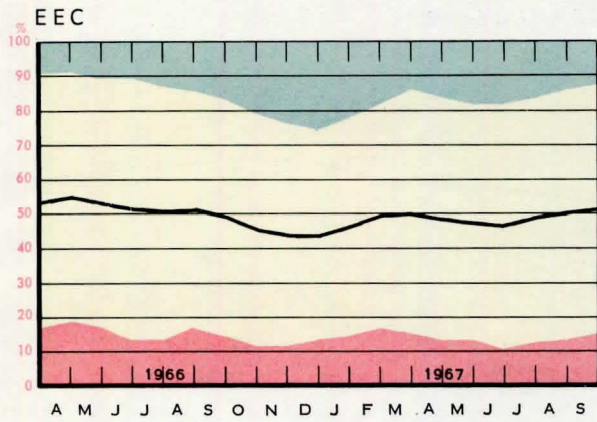
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- by 0.02 for the answer "normal";
- by 0.01 for the answer "below normal";



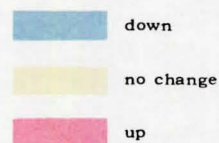
CAPITAL GOODS

Trend in production



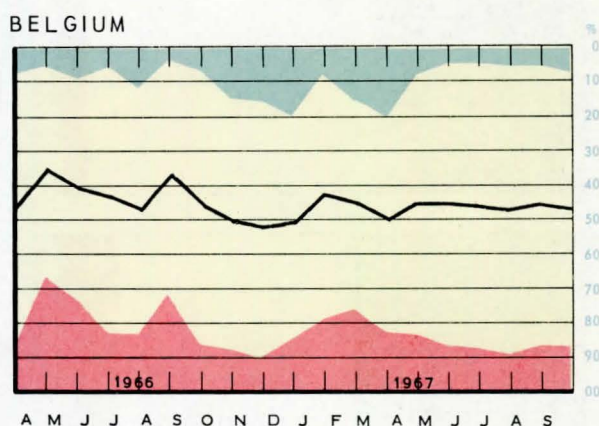
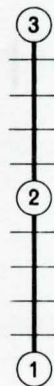
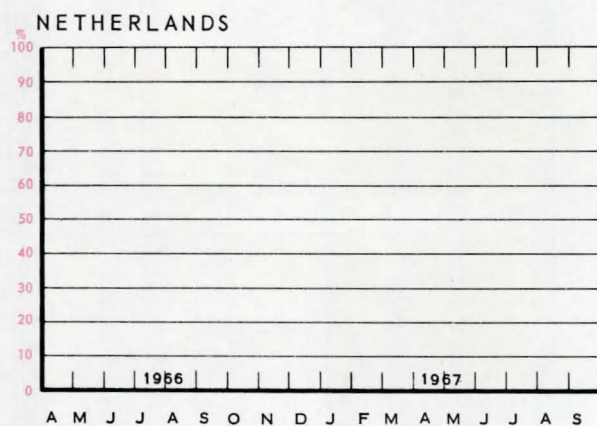
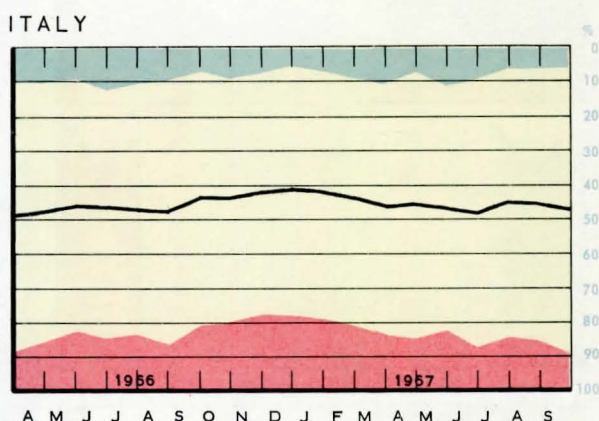
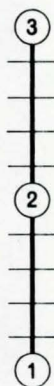
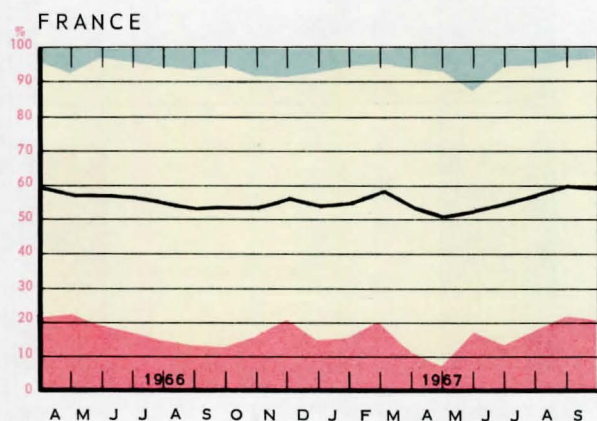
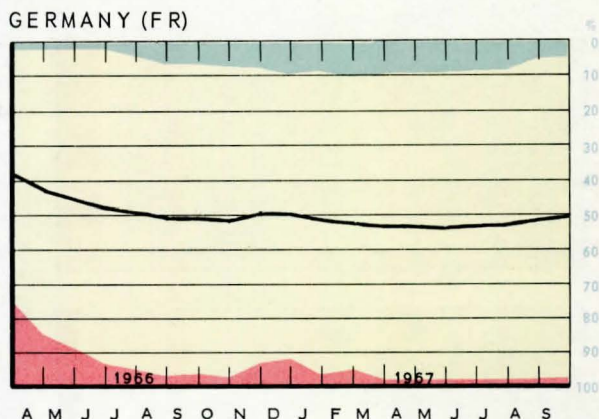
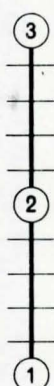
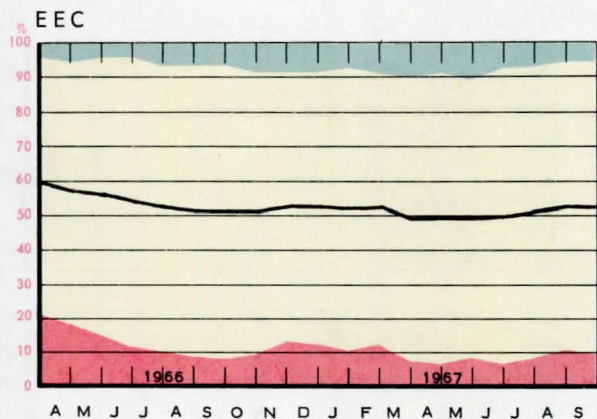
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 by 0.02 for the answer "no change";
 by 0.01 for the answer "down".



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:

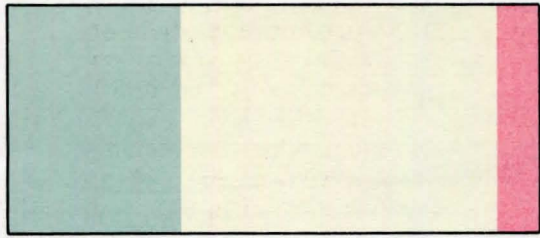
- by 0.03 for the answer "up" ;
- by 0.02 for the answer "no change" ;
- by 0.01 for the answer "down" .



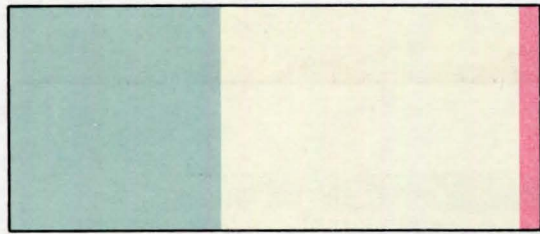
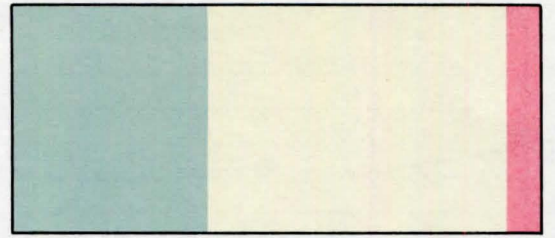
CAPITAL GOODS

Assessment of production capacity
(January 1967)

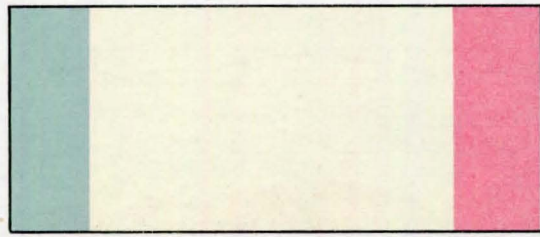
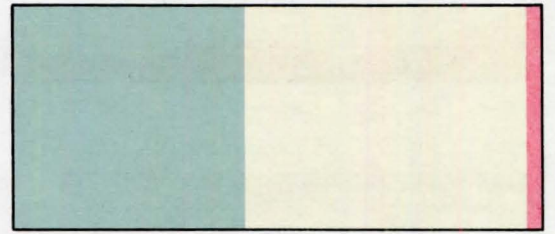
Assessment of production capacity
(May 1967)



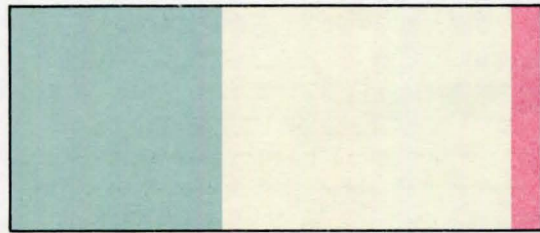
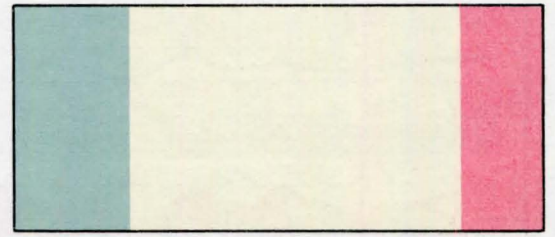
EEC



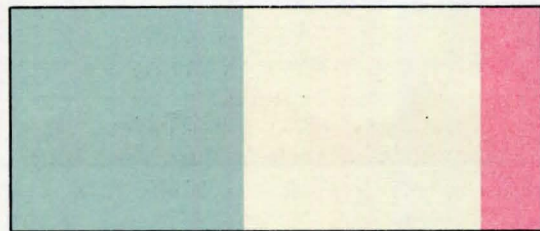
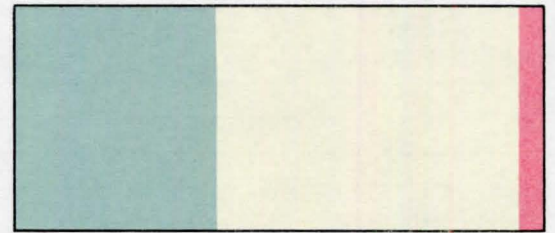
GERMANY
(FR)



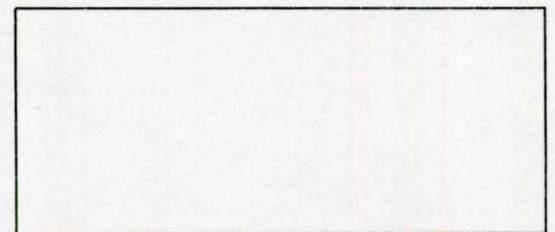
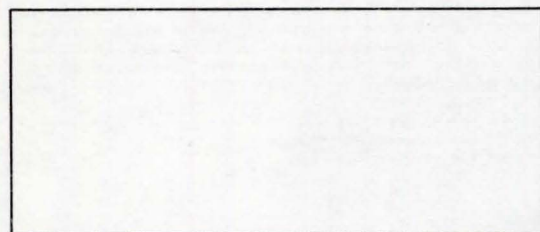
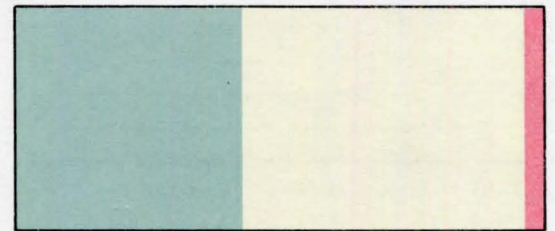
FRANCE



ITALY

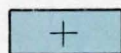


BELGIUM

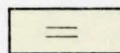


Our present capacity is:

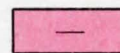
more than
adequate



adequate



inadequate



INTERMEDIATE GOODS

In the Federal Republic of Germany, the results of the latest surveys show that developments in the intermediate goods industries have been similar to those in the other industries; this is added evidence that the recovery has spread to the whole of the economy. In the majority of the industries concerned, the level of orders on hand has risen; at the end of September 57% of managements considered it "normal" or "above normal" as against 45% at the end of March. On the other hand, export orders on hand appear to have fallen; the proportion of managements considering them "above normal" fell from 22% at the end of March to 12% at the end of September. Stocks have not shown any major change, while prices have of late tended to become firmer. Production expectations have definitely improved, with the net percentage of firms predicting increases at its highest point since the spring of 1966. By the end of September, practically all firms expected their production either to remain unchanged or to expand. Lastly, the period for which work is assured has become slightly longer.

In France, managements' answers show that in the industries producing intermediate goods the situation has slowly deteriorated, but the few favourable signs recently discerned suggest that this trend will soon come to a halt. The proportion of managements considering their total order-books below normal increased from 38% at the end of March to 46% at the end of September. Demand from abroad, too, has slackened. There has been no major change in stocks of finished products. Production expectations, while remaining good, nevertheless deteriorated appreciably until the end of the spring; lately there has been a fairly pronounced improvement. Thus, at the end of September the level was again the same as at the beginning of the year and 89% of managements expected the current rate of production to go up or remain unchanged during the next few months. This trend appears to prevail almost everywhere, but it is particularly pronounced in the industries serving the consumer industries, which, it is true, are also those where conditions were worst.

In Italy, the surveys show that the situation in the intermediate goods industries remains favourable although the picture formed by the replies of managements has for some time been rather blurred. The trend of demand has slackened slightly; the difference between the percentage of managements considering total order-books "below normal" and those considering them "above normal" increased between the end of March and the end of September from -4% to -13%. Demand from abroad appears to have continued at the same level since the beginning of the year; there has been little change in the stock position. Production expectations show some fluctuation but on the whole they remain fairly firm, though tending to be somewhat less optimistic. At the end of September, 88% of managements expected the current rate to rise again or to remain unchanged, as against 92% in March. The period for which work is assured shortened by almost a full month between March and September. Price expectations, which up to then had suggested an increase, are now more moderate.

In Belgium, the rate of production has remained weak in these industries but there is a hint of optimism in the latest returns. According to the reports received from managements, total order-books are admittedly below normal, but have filled up slightly during the past few months. Demand from abroad, on the other hand, is still judged weak, with no evidence of any improvement. There has been hardly any change in the stock position. Production expectations, after having been very pessimistic, have improved distinctly; at the end of March, 30% of firms expected a fall and 6% an increase in production over the next few months, while at the end of September the proportions were 21% and 16% respectively. There has been no change in the period for which work is assured, and price expectations still definitely indicate a decline.

For the Community as a whole, the latest surveys show that despite the slackening of external demand, overall demand has stabilized at the level reached in March and opinions on the future trend of production have become more optimistic.

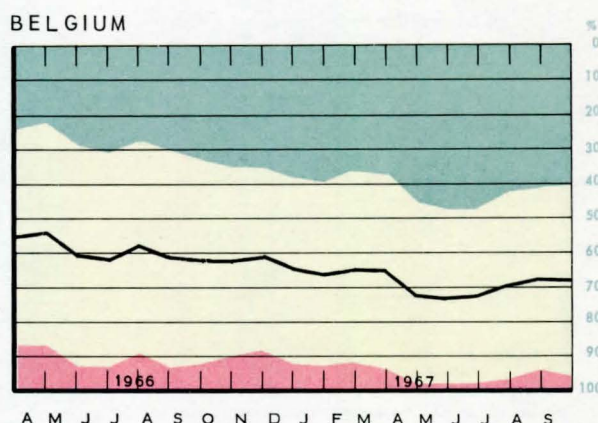
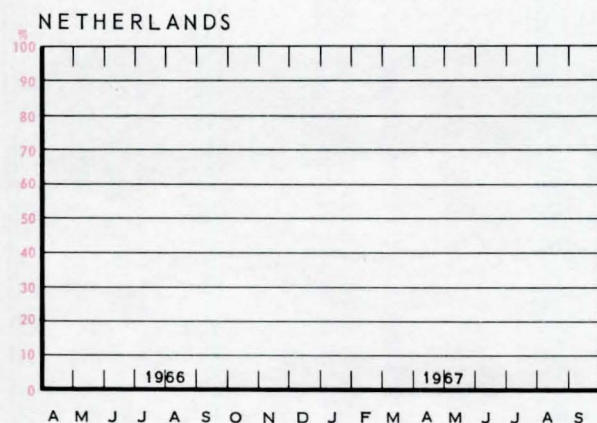
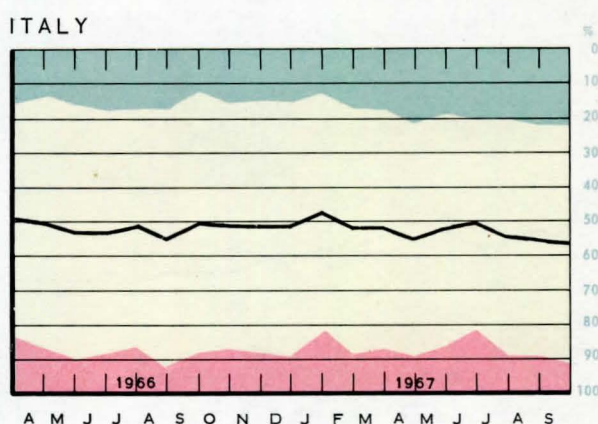
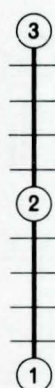
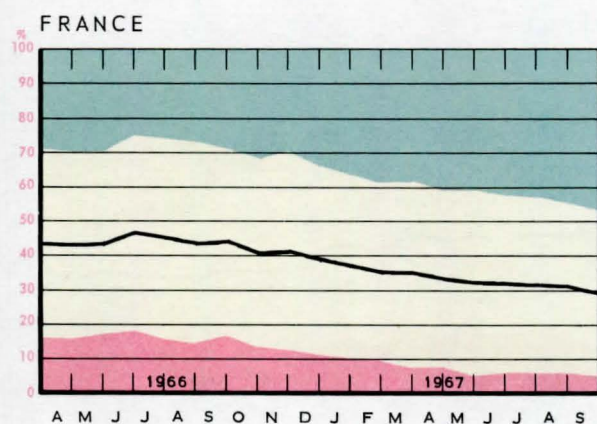
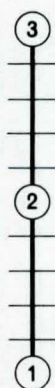
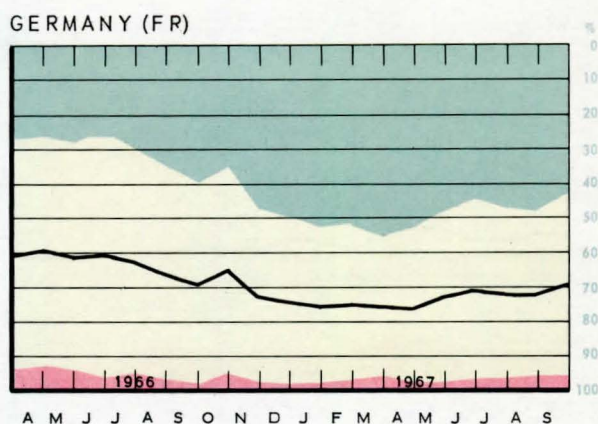
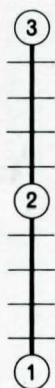
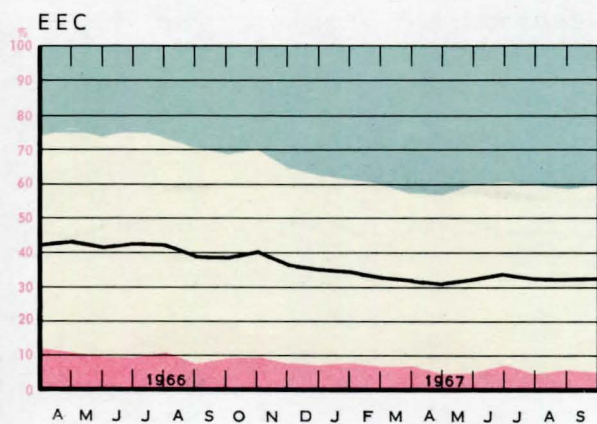
In the iron and steel production and primary processing industries, demand remained weak but the trend of activity may become more favourable. The industries that supply firms manufacturing consumer goods have continued to suffer from the slow-down of household demand, but the outlook now appears less discouraging. In the wood, paper and printing industries, demand remained firmer, and answers on production expectations revealed that managements are once again optimistic as to the future. Lively expansion has continued in chemicals and petroleum. In the rubber industry, the flow of orders received has improved a little and stocks have fallen sharply.

(the figures are percentages of replies received)

Country	Questions 1967	Assessments															Expectations									
		Total order-book					Export order-book					Stocks of finished products					Production					Selling prices				
		M	J	J	A	S	M	J	J	A	S	M	J	J	A	S	M	J	J	A	S	M	J	J	A	S
GERMANY (FR)	+	2	3	3	4	4	21	14	10	7	12	20	18	19	22	17	9	6	13	21	17	2	4	4	4	7
	=	50	52	50	48	53	60	70	75	75	69	77	81	78	77	80	79	80	76	72	77	82	81	82	76	82
	-	48	45	47	48	43	19	16	15	18	19	3	1	3	1	3	12	14	11	7	6	16	15	14	20	11
FRANCE	+	5	6	6	6	5	8	4	6	7	10	33	28	26	24	26	19	16	19	23	25	10	13	12	12	16
	=	54	52	51	50	49	47	57	54	52	47	64	64	67	70	67	69	71	69	66	64	79	73	74	74	72
	-	41	42	43	44	46	45	39	40	41	43	3	8	7	6	7	12	13	12	11	11	11	14	14	14	12
ITALY	+	14	19	11	11	9	17	12	13	8	11	18	18	17	18	22	14	14	13	19	17	9	23	21	15	14
	=	67	61	69	67	69	35	46	47	52	51	79	69	79	77	76	77	75	80	74	71	77	64	70	74	72
	-	19	20	20	22	22	48	42	40	40	38	3	13	4	5	2	9	11	7	7	12	14	13	9	11	14
NETHERLANDS	+																									
	=																									
	-																									
BELGIUM	+	1	2	3	6	4	5	2	1	5	3	23	22	21	22	20	7	7	11	19	16	2	3	5	7	7
	=	52	51	55	53	56	58	53	56	55	53	71	69	70	71	73	58	65	68	59	63	75	78	82	73	68
	-	47	47	42	41	40	37	45	43	40	44	6	9	9	7	7	35	28	21	22	21	23	19	13	20	25
LUXEMBOURG	+																									
	=																									
	-																									
EEC	+	5	7	5	6	5	14	9	7	7	10	24	21	21	22	21	13	11	15	21	19	6	10	10	8	12
	=	55	54	55	53	55	54	60	63	62	58	73	73	74	74	75	74	75	74	70	71	80	75	77	76	75
	-	40	39	40	41	40	32	31	30	31	32	3	6	5	4	4	13	14	11	9	10	14	15	13	16	13

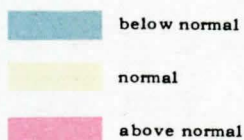
INTERMEDIATE GOODS

Order-books



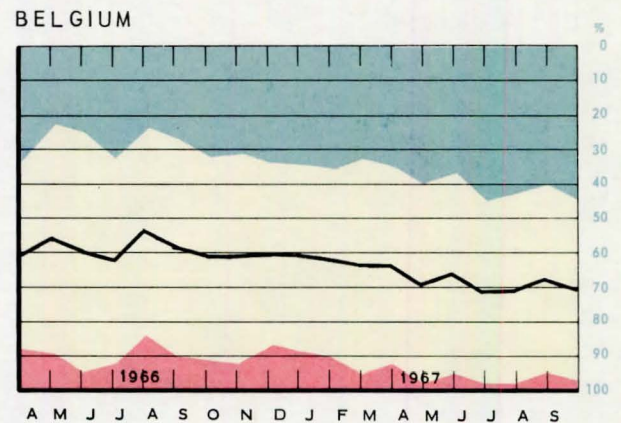
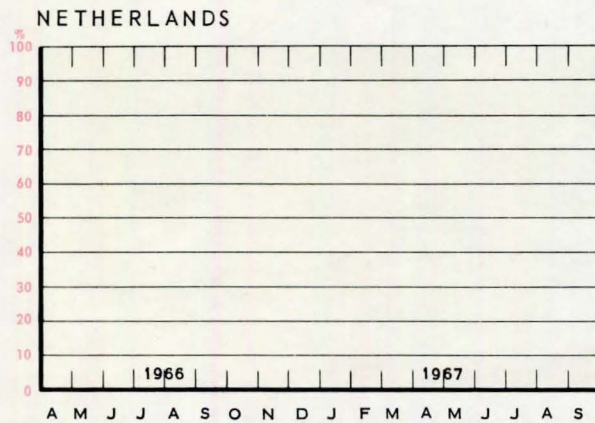
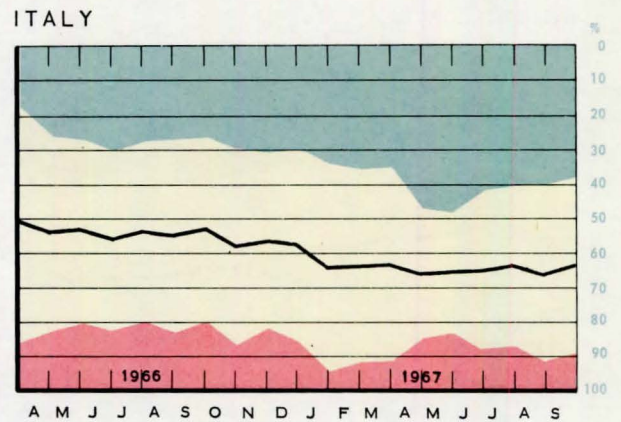
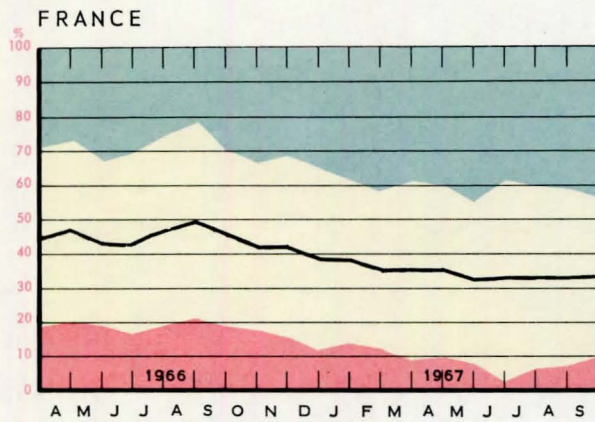
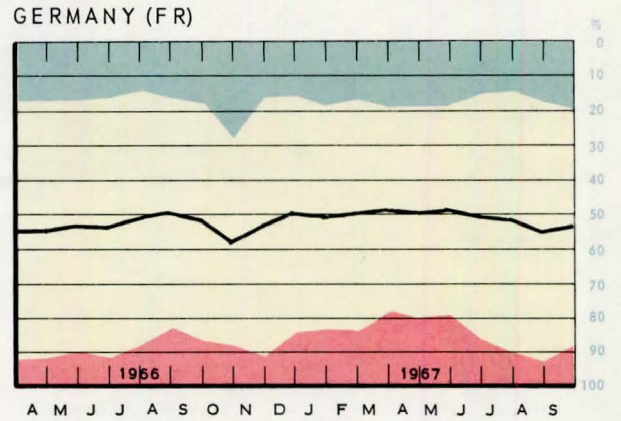
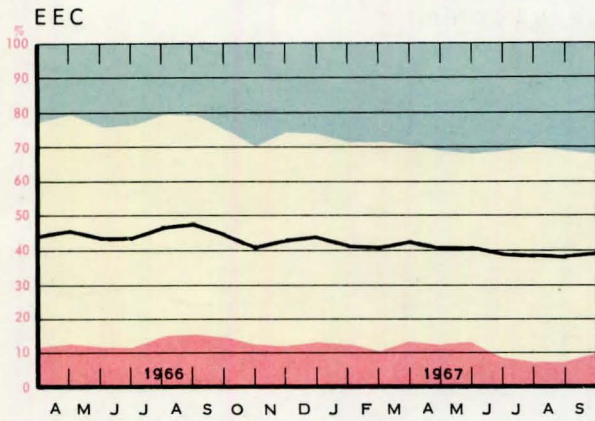
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

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



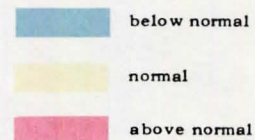
INTERMEDIATE GOODS

Export order-books



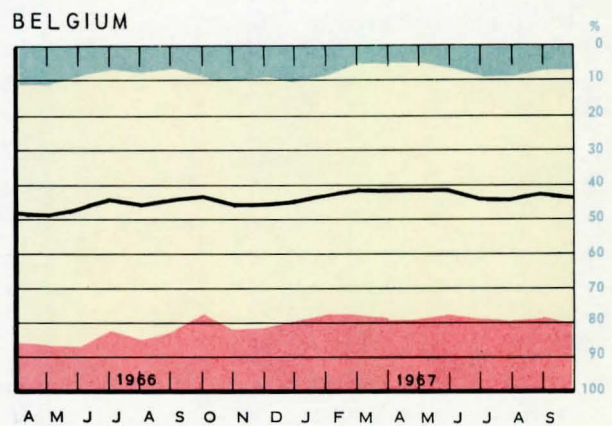
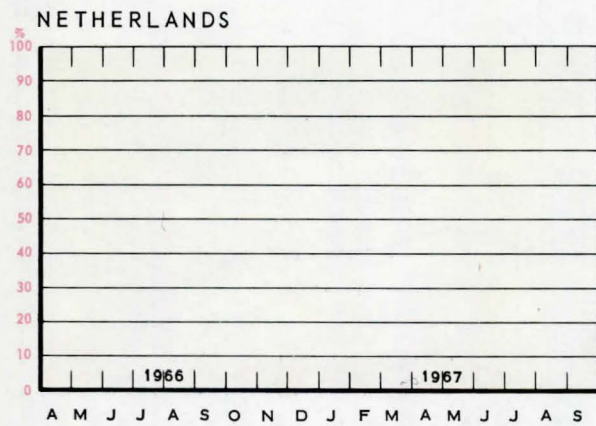
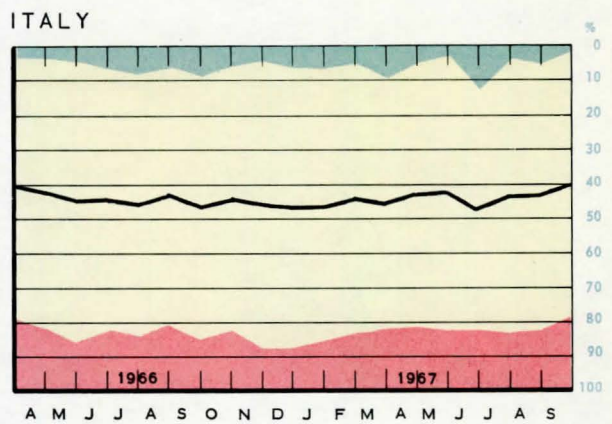
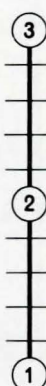
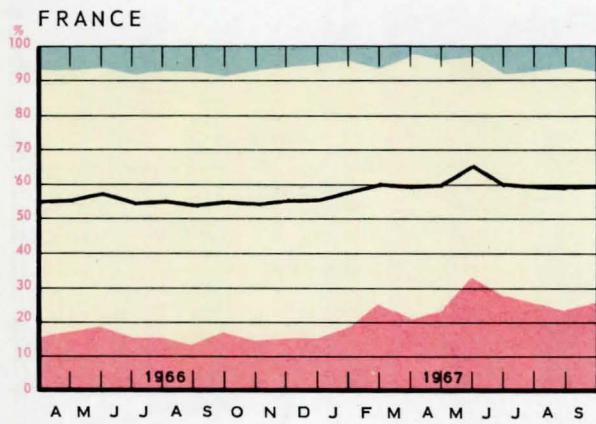
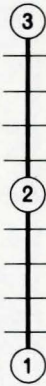
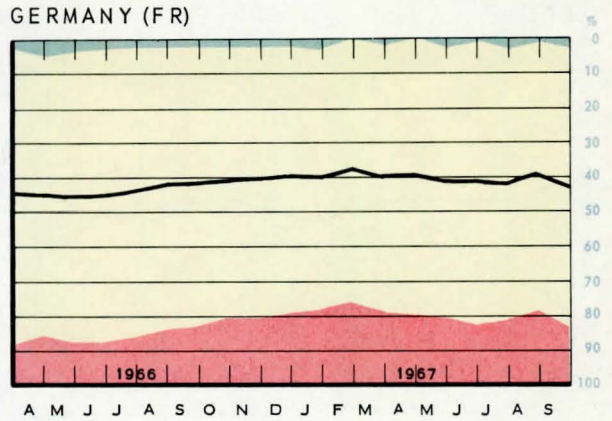
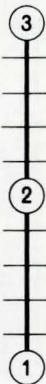
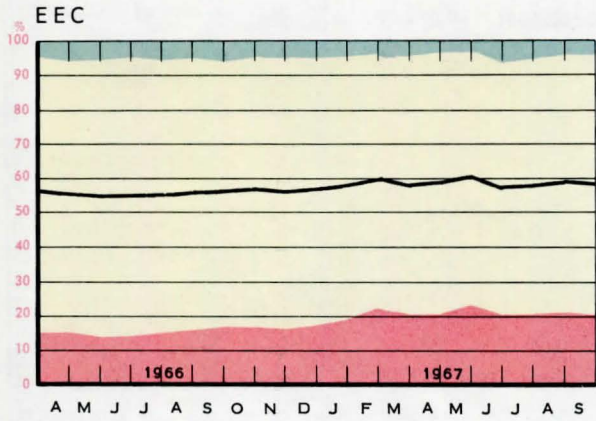
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- by 0.01 for the answer "below normal";



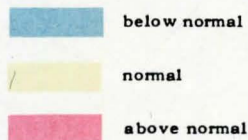
INTERMEDIATE GOODS

Stocks of finished products



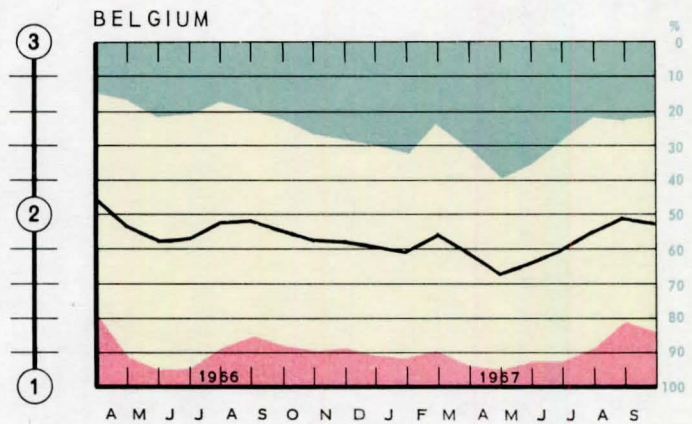
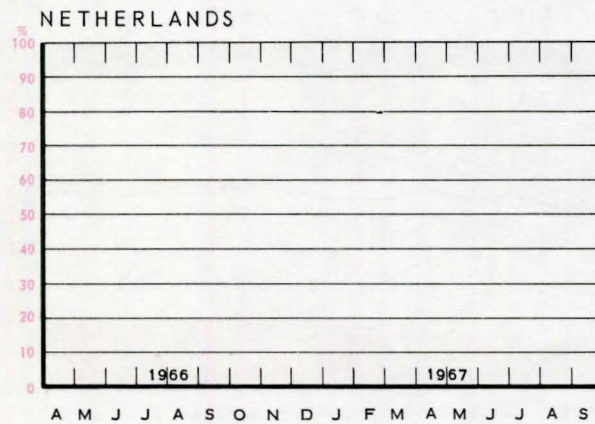
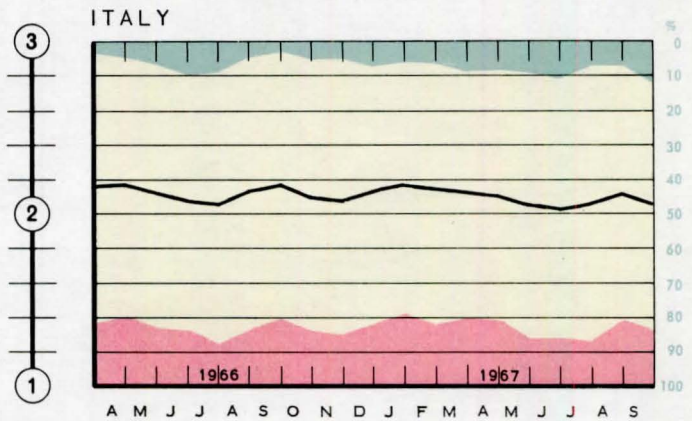
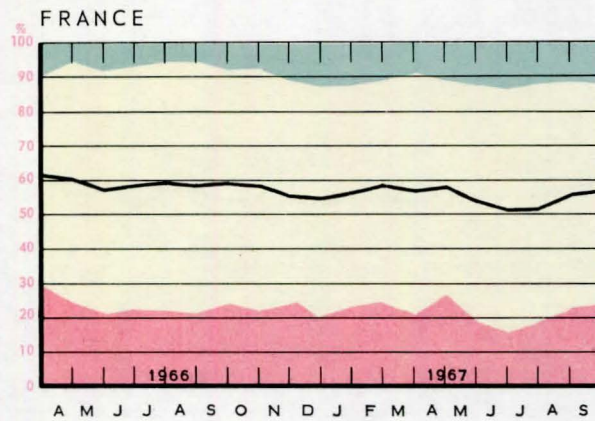
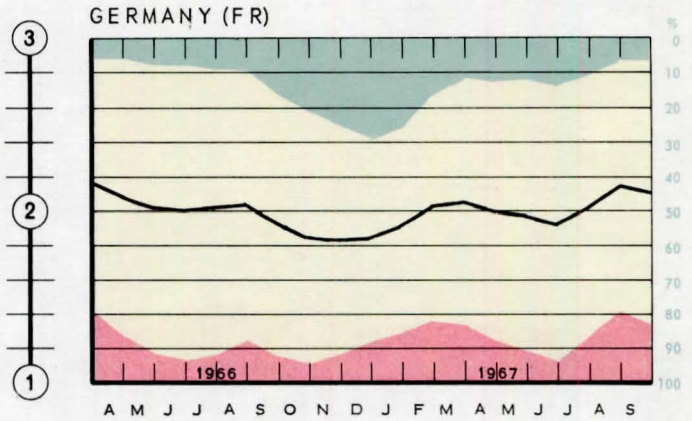
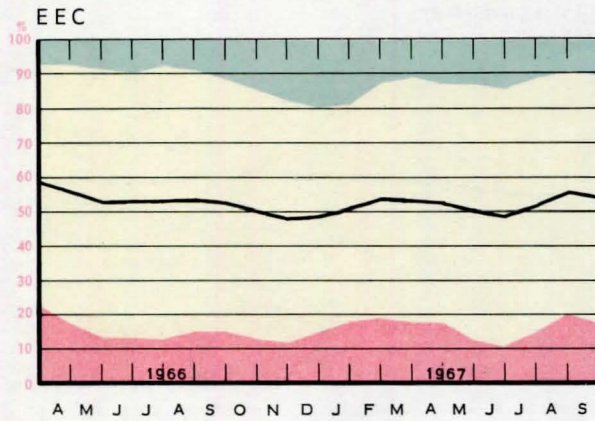
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- by 0.01 for the answer "below normal";



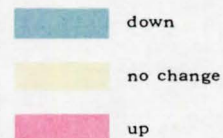
INTERMEDIATE GOODS

Trend in production



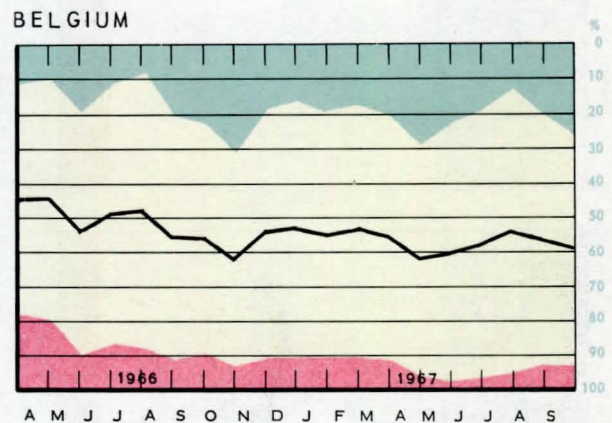
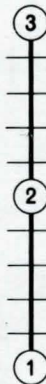
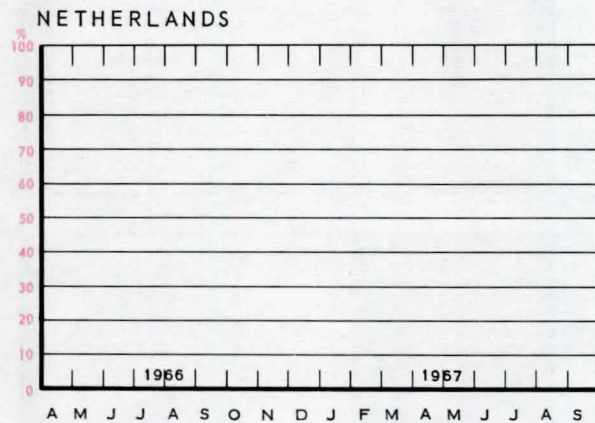
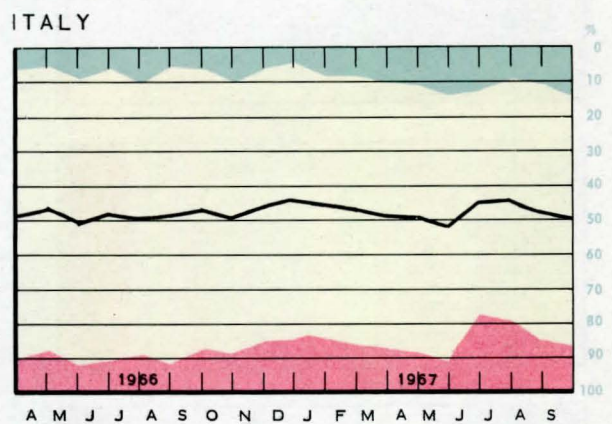
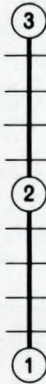
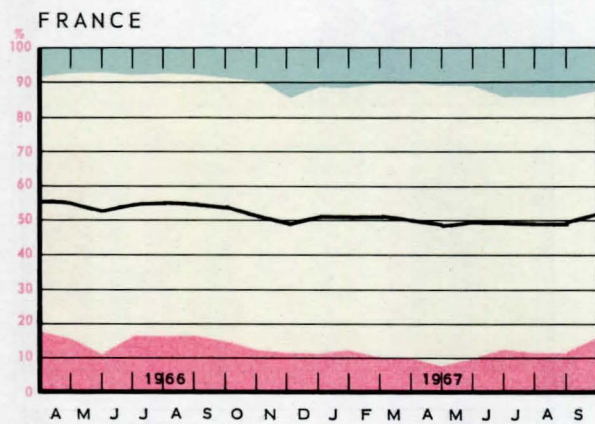
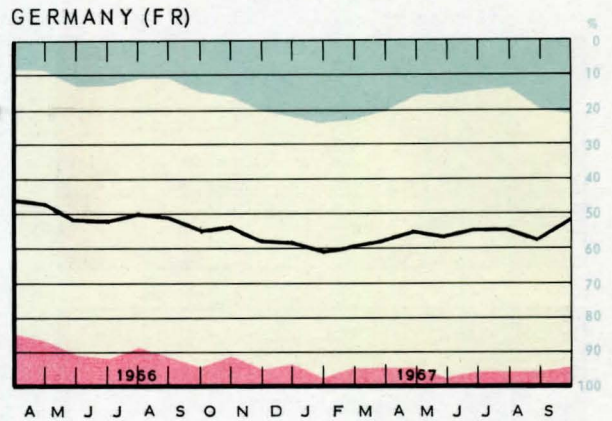
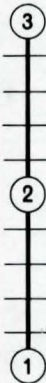
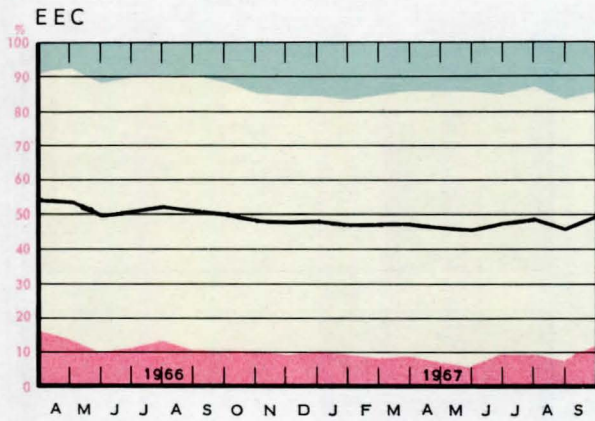
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

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



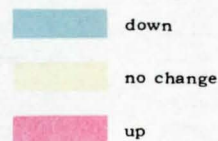
INTERMEDIATE GOODS

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:

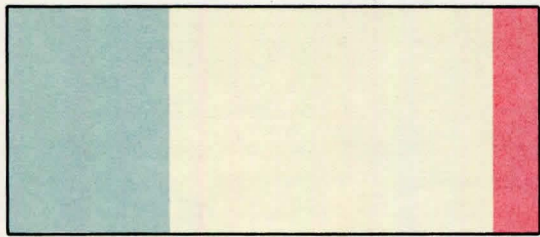
by 0.03 for the answer "up";
by 0.02 for the answer "no change";
by 0.01 for the answer "down".



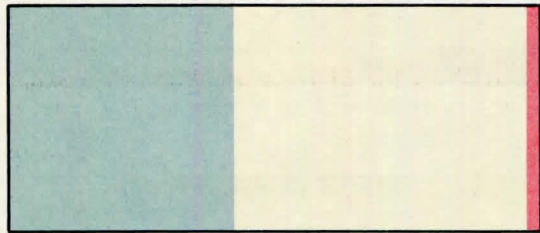
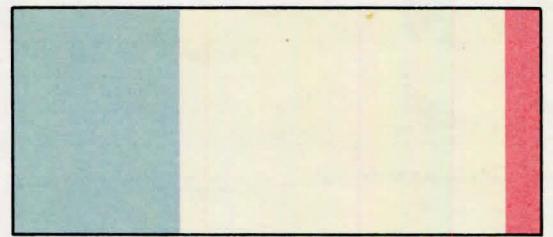
INTERMEDIATE GOODS

Assessment of production capacity
(January 1967)

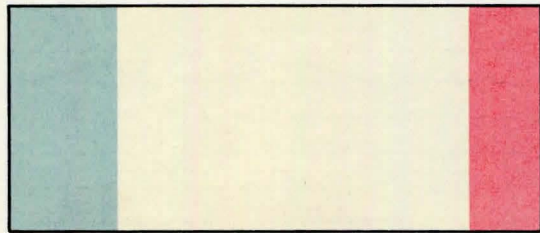
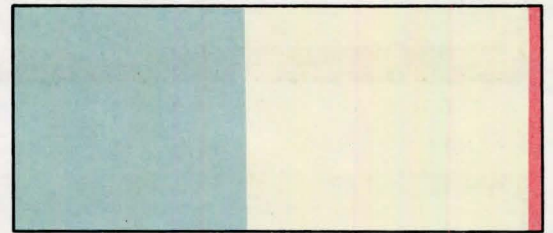
Assessment of production capacity
(May 1967)



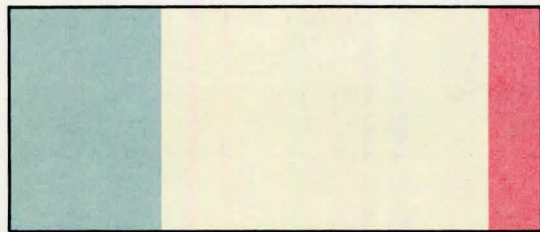
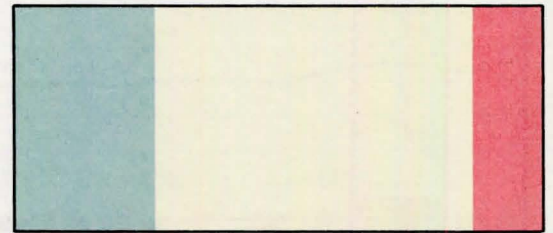
EEC



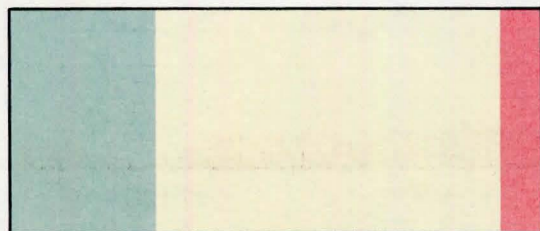
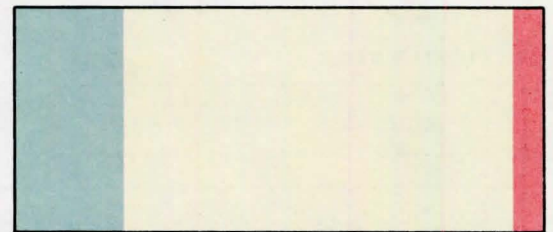
GERMANY
(FR)



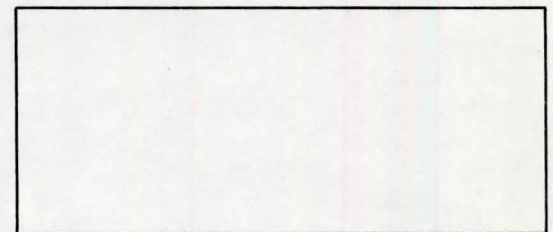
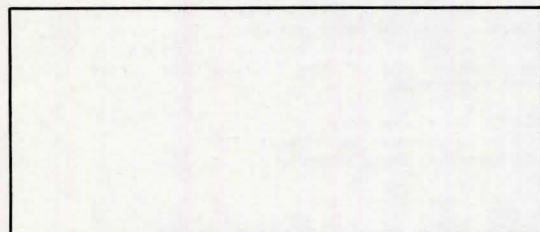
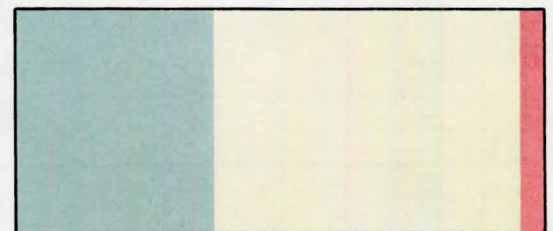
FRANCE



ITALY

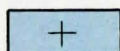


BELGIUM

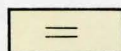


Our present capacity is:

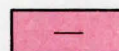
more than
adequate



adequate



inadequate



RESULTS BY BRANCH OF INDUSTRY AT COMMUNITY LEVEL

(the figures are percentages of replies received)

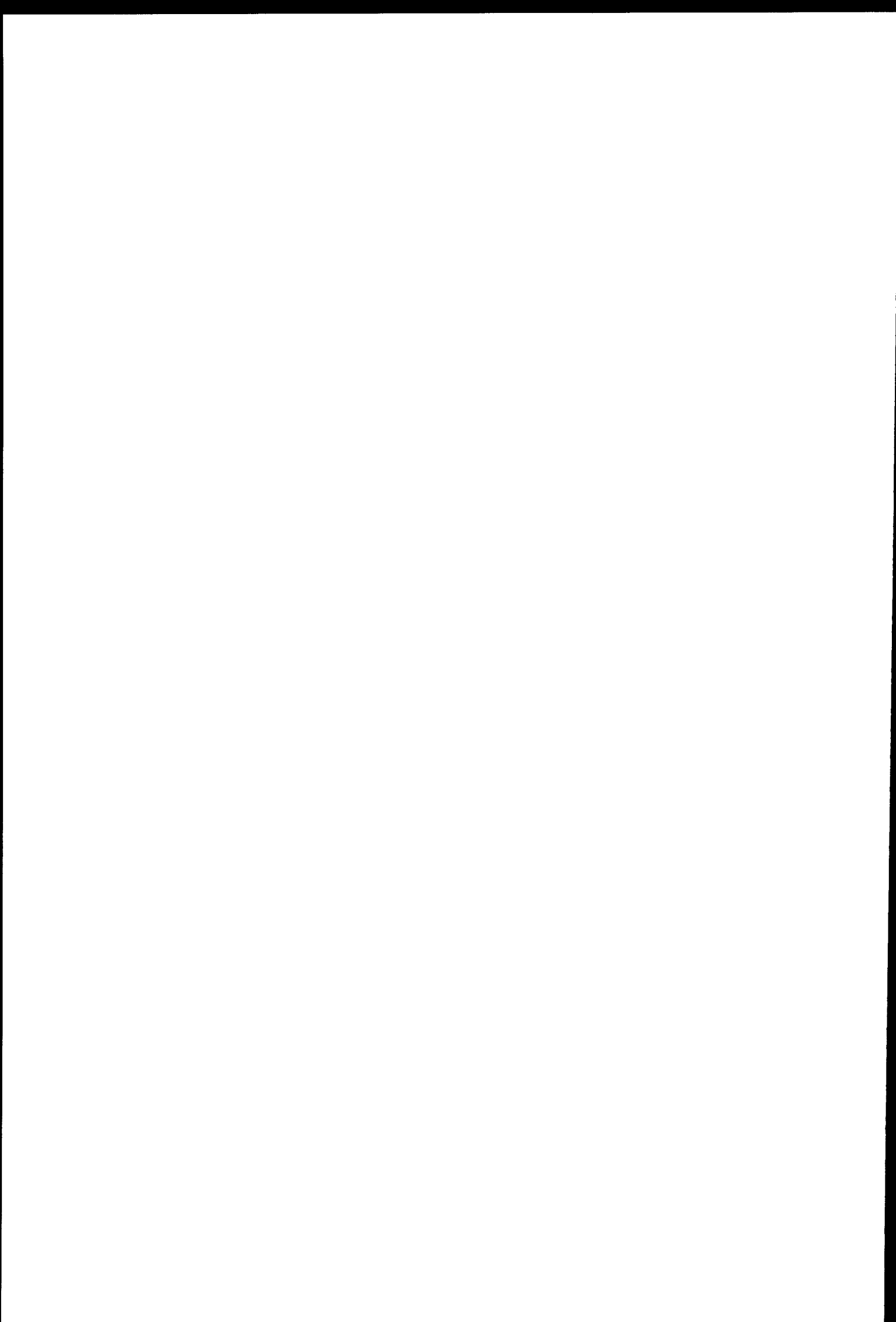
Sector	Questions 1967	Assessments															Expectations									
		Total order-book					export order-book					Stocks of finished products					Production					Selling prices				
		M	J	J	A	S	M	J	J	A	S	M	J	J	A	S	M	J	J	A	S	M	J	J	A	S
1. Textiles	+	3	2	2	2	3	3	1	1	2	2	51	55	48	48	45	7	5	10	12	12	8	6	7	14	19
	=	31	31	32	33	38	31	30	33	36	36	47	43	50	50	53	63	69	66	69	73	75	77	75	71	68
	-	66	67	66	65	59	66	69	66	62	62	2	2	2	2	2	30	26	24	19	15	17	17	18	15	13
2. Garments and knitted and crocheted goods	+	6	4	4	4	6	2	1	2	1	2	42	39	35	33	31	10	12	13	14	18	14	15	14	13	12
	=	38	41	43	43	46	46	46	48	48	55	57	60	60	63	65	61	62	61	63	65	81	79	79	78	83
	-	56	55	53	53	48	52	53	50	51	43	1	1	5	4	4	29	26	26	23	17	5	6	7	9	5
3. Leather and footwear	+	5	7	8	8	8	10	11	14	15	14	38	35	30	29	25	14	13	15	16	20	6	5	10	13	16
	=	35	42	46	45	42	36	48	51	44	49	60	63	68	67	70	56	63	59	62	58	80	86	81	77	79
	-	60	51	46	47	50	54	41	35	41	37	2	2	2	4	5	30	24	26	22	22	14	9	9	10	5
4. Wood and cork	+	8	5	5	4	4	1	4	4	3	4	45	40	40	39	36	12	11	10	14	11	8	5	11	6	9
	=	42	47	44	47	52	44	53	52	46	53	51	56	57	58	57	76	75	76	73	74	73	77	71	80	79
	-	50	48	51	49	44	55	43	44	51	43	4	4	3	3	7	12	14	14	13	15	19	18	18	14	12
5. Furniture	+	8	6	6	6	9	4	5	3	1	5	39	34	40	32	26	13	14	21	27	24	12	8	10	9	12
	=	32	36	37	48	53	50	44	46	56	58	59	62	58	65	72	69	74	65	64	68	78	82	86	88	86
	-	60	58	57	46	38	46	51	51	43	37	2	4	2	3	2	18	12	14	9	8	10	10	4	3	2
6. Paper	+	6	7	6	6	4	9	6	2	6	2	27	25	25	25	25	10	10	16	24	23	9	14	15	11	12
	=	53	52	53	50	51	54	57	63	54	49	71	73	71	70	70	80	80	77	69	66	85	78	79	83	79
	-	41	41	41	44	45	37	37	35	40	49	2	2	4	5	5	10	10	7	7	11	6	8	6	6	9
7. Printing	+	5	6	5	5	4	4	6	4	4	4	12	3	10	9	6	9	12	13	20	18	15	20	22	21	20
	=	64	62	63	65	66	86	82	82	81	82	88	95	87	88	91	78	77	78	74	72	81	78	76	77	77
	-	31	32	32	30	30	10	12	14	15	14	0	2	3	3	3	13	11	9	6	10	4	2	2	2	3
8. Processing of plastics	+	9	11	8	8	6	8	10	9	5	2	12	13	16	18	20	22	17	20	23	25	1	3	4	3	2
	=	57	59	51	51	58	53	50	47	50	56	81	84	79	77	74	71	74	75	69	65	77	67	76	75	70
	-	34	30	41	41	36	39	40	44	45	42	7	3	5	5	6	7	9	5	8	10	22	30	20	22	28
9. Chemicals	+	7	12	10	10	9	42	20	14	14	21	11	9	12	11	11	14	8	23	37	36	1	2	4	6	7
	=	79	74	74	72	74	48	70	74	75	70	85	85	85	86	87	84	90	73	59	57	74	74	74	54	69
	-	14	14	16	18	17	10	10	12	11	9	4	6	3	3	2	2	2	4	4	7	25	24	22	40	24
10. Petroleum	+	10	22	21	21	6	12	21	18	12	29	14	0	3	26	31	33	28	33	44	34	1	54	36	13	21
	=	82	78	77	61	83	58	76	80	82	59	85	65	74	65	69	67	48	63	45	65	97	46	58	79	74
	-	8	0	2	18	11	30	3	2	6	12	1	35	23	9	0	0	24	4	11	1	2	0	6	8	5
11. Building materials, pottery, glassware	+	12	6	4	4	6	9	5	5	7	16	34	34	33	33	32	12	9	7	7	9	12	10	9	10	10
	=	41	51	55	53	53	45	64	61	60	53	59	60	60	60	63	75	77	79	79	75	77	80	84	85	84
	-	47	43	41	43	41	46	31	34	33	31	7	6	7	7	5	13	14	14	14	16	11	10	7	5	6
12 + 13. Iron and steel – Primary processing of iron and steel	+	4	3	2	3	5	7	6	6	3	3	13	8	9	7	7	10	7	7	11	10	7	6	5	6	10
	=	51	52	51	50	48	64	67	65	65	60	82	92	91	93	88	75	80	81	82	82	83	83	87	85	80
	-	45	45	47	47	47	29	27	29	32	37	5	0	0	0	5	15	13	12	7	8	10	11	8	9	10
14. Metal consumer articles	+	2	2	7	8	11	8	6	8	8	8	37	38	36	29	21	9	6	8	18	16	15	17	21	17	17
	=	47	51	37	44	58	46	52	40	39	41	60	60	62	65	74	62	72	72	67	73	76	80	73	79	77
	-	51	47	56	48	31	46	42	52	53	51	3	2	2	6	5	29	22	20	15	11	9	3	6	4	6
15. General equipment	+	8	6	6	6	5	10	9	9	8	6	21	25	24	21	22	14	10	14	14	15	9	6	8	8	8
	=	43	49	52	51	50	43	45	46	48	48	75	71	73	75	74	67	74	71	73	71	79	82	83	86	86
	-	49	45	42	43	45	47	46	45	44	46	4	4	3	4	4	19	16	15	13	14	12	12	9	6	6

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

(the figures are percentages of replies received)

Sector	Questions 1967	Assessments															Expectations									
		Total order-book					Export order-book					Stocks of finished products					Production					Selling prices				
		M	J	J	A	S	M	J	J	A	S	M	J	J	A	S	M	J	J	A	S	M	J	J	A	S
16. Mechanical equipment (other than electrical)	+	8	6	4	4	5	11	15	12	13	13	31	33	30	25	27	12	9	11	14	17	7	6	9	11	11
	=	37	42	43	46	47	49	44	45	46	50	66	64	68	72	70	69	71	72	72	75	87	91	88	85	87
	-	55	52	53	50	48	40	41	43	41	37	3	3	2	3	3	19	20	17	14	8	6	3	3	4	2
17. Domestic electric appliances, radio, television	+	2	3	2	3	9	3	5	2	2	9	39	32	35	33	23	7	10	12	14	21	4	3	3	3	3
	=	48	52	51	55	56	48	49	52	52	49	59	63	62	64	69	66	73	75	73	72	77	79	80	76	75
	-	50	45	47	42	35	49	46	46	46	42	2	5	3	3	8	27	17	13	13	7	19	18	17	21	22
18. Electrical equipment	+	12	10	10	11	13	13	13	10	11	10	27	29	28	28	22	16	22	20	19	18	7	6	7	7	7
	=	47	49	50	53	53	49	50	55	52	60	70	70	70	70	76	69	66	67	70	74	80	86	84	87	86
	-	41	41	40	36	34	38	37	35	37	30	3	1	2	2	2	15	12	13	11	8	13	8	9	6	7
19. Motor vehicle industry	+	15	15	4	5	5	22	17	4	11	4	18	18	14	9	21	6	2	22	26	14	4	6	5	3	3
	=	54	45	48	67	58	53	59	68	67	73	78	79	81	60	58	77	73	52	59	78	94	91	94	96	95
	-	31	40	48	28	37	25	24	28	22	23	4	3	5	31	21	17	25	26	15	8	2	3	1	1	2
20. Shipbuilding, aircraft manufacturing, railway and tramway rolling stock	+	9	6	7	9	6	14	6	5	0	0	20	10	11	11	13	2	4	7	10	10	16	12	20	25	19
	=	42	31	38	46	48	31	20	37	39	35	80	90	89	89	87	75	75	75	71	63	71	80	68	67	76
	-	49	63	55	45	46	55	74	58	61	65	0	0	0	0	0	23	21	18	19	27	13	8	12	8	5
21. Precision and optical instruments, watches and clocks	+	11	13	11	8	11	13	13	10	9	13	25	29	28	26	25	12	7	12	13	13	10	9	13	12	14
	=	47	41	44	46	46	49	43	46	45	45	71	67	68	70	69	72	73	69	70	73	86	89	85	87	84
	-	42	46	45	46	43	38	44	44	46	42	4	4	4	4	6	16	20	19	17	14	4	2	2	1	2
B. Rubber	+	0	1	1	2	0	4	4	3	8	4	14	16	20	15	11	51	41	43	46	35	0	8	7	7	7
	=	78	80	81	77	78	82	84	88	71	90	80	58	51	56	62	47	57	56	50	63	87	72	84	83	91
	-	22	19	18	21	22	14	12	9	21	6	6	26	29	29	27	2	2	1	4	2	13	20	9	10	2
C. Non-ferrous metals industry	+	1	4	2	5	3	5	7	4	6	5	24	20	20	16	23	4	5	13	19	14	6	3	5	1	6
	=	35	30	39	38	27	42	39	39	43	38	71	73	75	80	72	86	84	77	72	73	73	75	84	84	78
	-	64	66	59	57	70	53	54	57	51	57	5	7	5	4	5	10	11	10	9	13	21	22	11	15	16
Total of industry	+	7	7	6	6	6	14	11	8	8	9	27	25	24	23	23	12	10	15	19	18	7	9	10	9	11
	=	49	50	50	52	54	49	53	57	57	57	70	71	72	71	72	72	73	70	69	71	81	80	80	80	80
	-	44	43	44	42	40	37	36	35	35	34	3	4	4	6	5	16	17	15	12	11	12	11	10	11	9

**SPECIAL QUESTION
ON COMPETITIVE POSITION**



INTRODUCTION

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

"Is your firm an exporting firm?

- i) Yes
- ii) No

If the answer is yes, 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 tariffs
- ii) Conditions of sale (delivery dates, after-sales service, etc.)
- iii) Administrative difficulties. "

This question was sent out for the first time at the end of April 1966 and again in April 1967 in Germany, France, Italy and Luxembourg. In Belgium, the industrial federations and the institution organizing the survey advised against the inclusion of this question at the present time.

The question on the competitive position put to managements entails an opinion on their share of the market. Even if a given country's exports increase, the replies may remain unfavourable if the improvement obtained on the export market lags behind that obtained by the other countries. Added to these difficulties of interpretation there is the fact that without a sufficiently long series it has not yet been possible to make detailed comparisons nor to gauge exactly how far the answers reflect the real trend of the economy; nevertheless, certain clear trends have led to a number of basic conclusions.

i) For the major industries, the results for all the countries are less favourable in 1967 than they were in 1966. Nevertheless it must be noted that as long as the balance of the results (i.e. the difference between the percentage of "has improved" and "has deteriorated" replies) remains positive, there should still be an improvement, though smaller than in the previous years, in the competitive position.

ii) From April 1965 to April 1966, the competitive position of the Federal Republic of Germany had deteriorated appreciably, particularly on the export markets, while by contrast the competitiveness of French and Italian products had improved. Though this trend persisted in 1966 and at the beginning of 1967, it was definitely less distinct, mainly because of the effects of economic stagnation in the Federal Republic of Germany but also because of the efforts of German industrialists to hold their own on the export markets in order to compensate for the weakness of demand at home. In order to evaluate, inside the Community, the position of the enterprises of the member countries as a whole with regard to their competitors from the non-member countries, information would be needed for the whole of the Community; such information is not available as there are no replies for Belgium and the Netherlands.

Broadly speaking, however, it is fair to infer that developments have been relatively favourable. The competitive position of Community enterprises on the markets outside the Community has probably continued to improve, this trend being very distinct for France and less so for Italy, while Germany's position has probably weakened further. This observation appears to be at variance with the other indicators available in this field, but allowance must be made for the subjective nature of the replies: an improvement in competitive edge may have been secured through the granting of exceptional terms, so that on the whole managements may feel that under normal conditions the competitive position would have deteriorated.

iii) As last year, most managements pinpoint customs tariffs and changes in selling prices as the main causes of deterioration in their competitive positions.

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	1966	8	67	19	6	18	1	1	2	45	48	7	0	7	0	0	26	50	9	15	5	0	0					0	91	9	0	10	0	2				
	1967	7	70	15	7	12	0	1	30	55	14	0	13	0	1	14	56	12	15	9	1	0					2	87	10	0	10	0	0					
I Consumer goods	1966	15	72	10	3	9	0	1	78	16	6	0	5	0	0	44	39	6	11	3	0	0																
	1967	5	79	11	3	9	0	1	62	33	3	0	2	0	0	23	52	13	10	10	2	1																
II Capital goods	1966	6	67	22	5	20	2	2	48	43	9	0	9	0	0	18	48	9	25	6	0	0																
	1967	7	69	16	5	14	0	2	18	69	11	0	8	0	2	9	59	7	23	6	0	0																
III Intermediate goods	1966	6	57	22	15	21	0	3	31	62	7	0	7	0	0	15	62	11	12	7	0	0																
	1967	9	58	15	16	10	1	1	23	56	20	0	18	0	0	10	59	14	15	12	0	0																

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

0 Industry as a whole	1966	14	59	21	6	19	1	3	45	46	9	0	8	0	1	24	48	13	15	9	0	0					0	88	9	3	9	0	0
	1967	8	64	19	7	16	1	4	44	44	11	0	9	0	1	19	53	10	15	9	0	0					1	94	0	2	0	0	0
I Consumer goods	1966	32	53	12	3	11	1	2	57	27	16	0	13	1	1	29	49	10	12	5	0	0											
	1967	6	77	12	2	12	0	0	63	27	8	0	6	1	0	25	45	13	15	11	0	1											
II Capital goods	1966	9	63	24	4	22	2	3	47	48	5	0	3	0	1	25	51	9	15	7	0	0											
	1967	8	63	22	4	17	2	6	45	47	7	0	7	0	0	16	57	9	16	7	1	1											
III Intermediate goods	1966	6	51	25	18	22	0	5	38	52	10	0	9	0	1	20	45	19	16	13	0	0											
	1967	8	50	20	20	17	0	1	37	48	14	0	11	1	1	17	56	10	15	9	0	0											

RESULTS OF SURVEYS

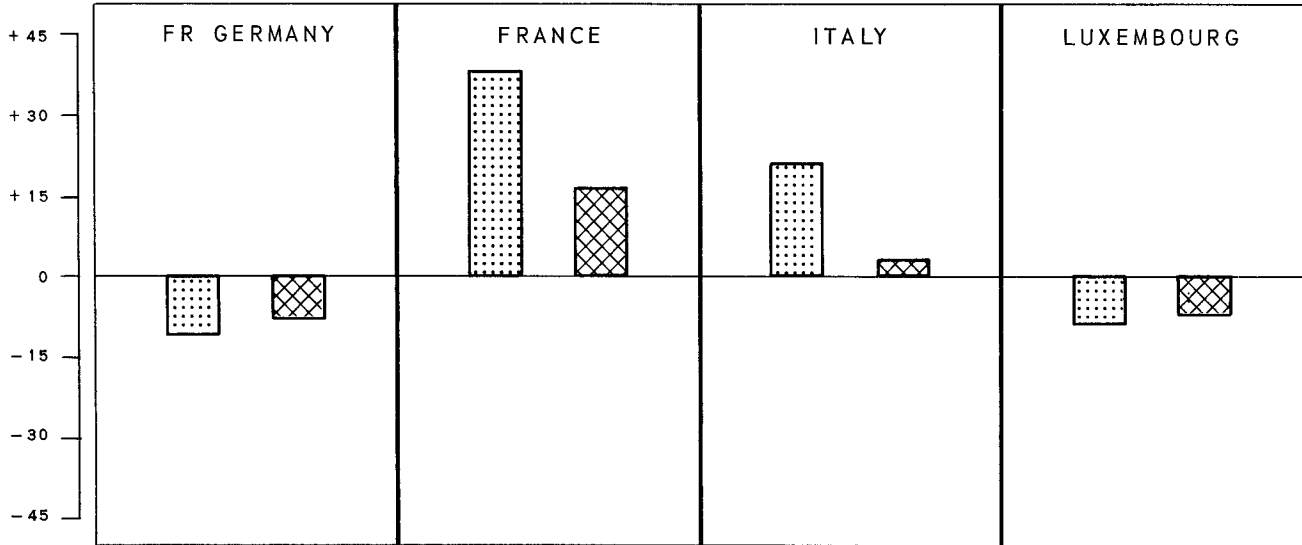
- Development of competitive position ⁽¹⁾: 1 - improved 2 - unchanged
3 - deteriorated 4 - firm does not export

- 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

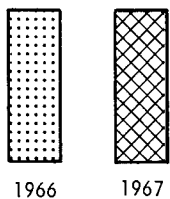
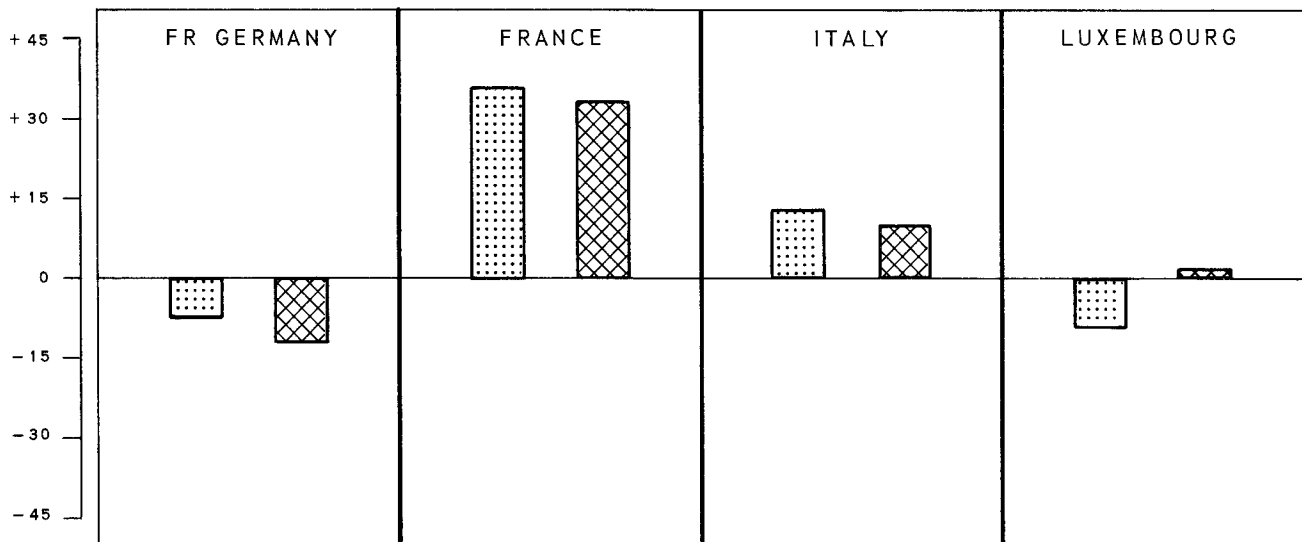
⁽¹⁾ As percentages of total replies.

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



These graphs show the differences between the percentage of "has improved" and "has deteriorated" replies. Below the zero line the column indicates a deterioration, above an improvement; the height of the column is a measure of the extent of the movement.

