

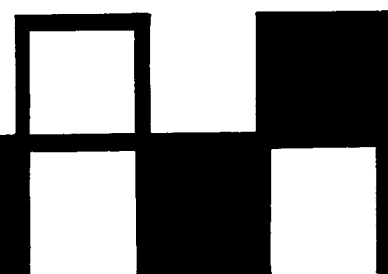
**European  
Communities**  
Commission

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

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

**1**

**1968**



Published three times a year

8/II.7-77

**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**

**EEC business surveys, carried out:**

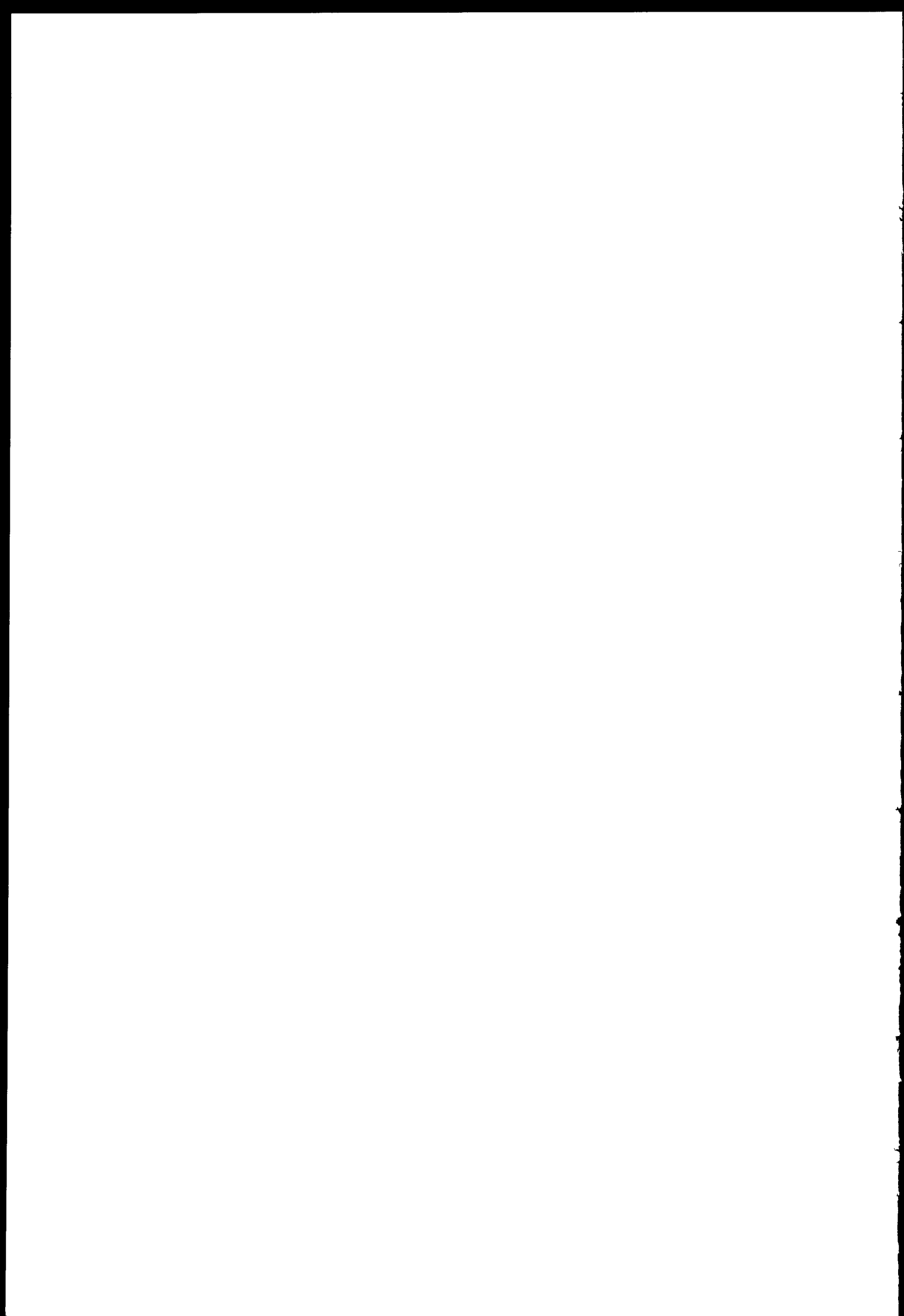
**in the German Federal Republic by the IFO-Institut  
in France by INSEE  
in Italy by ISCO-Mondo Economico  
in Belgium by the National Bank  
in Luxembourg by STATEC**

**COMMISSION OF THE EUROPEAN COMMUNITIES**

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

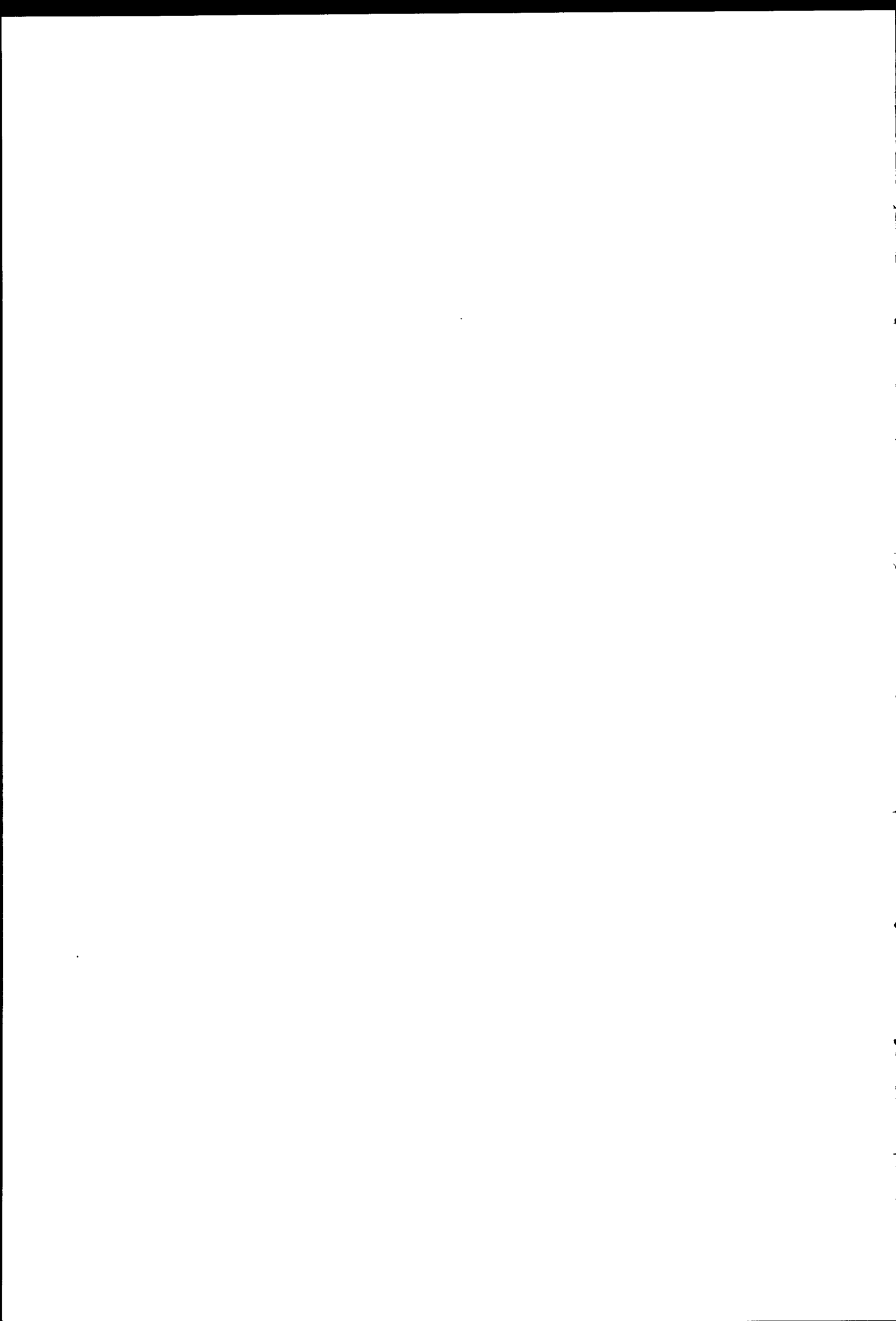
**RESULTS OF THE BUSINESS SURVEYS  
CARRIED OUT AMONG HEADS OF ENTERPRISES  
IN THE COMMUNITY**

**March 1968**





**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 September 1967 and the end of January 1968. 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 European Communities 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 Footwear and processing of leather Consumer chemicals Furniture China and hollow glass Metal consumer articles Domestic electric appliances Private cars Photographic goods, spectacles, watches and clocks	Building materials General equipment products Mechanical equipment (other than electrical) Electrical equipment goods Commercial vehicles Shipbuilding, aircraft manufacturing, railway and tramway rolling stock Precision instruments	Textiles Leather Wool and cork Paper Printing Processing of plastics Basic chemicals Chemicals for industrial and agricultural uses 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, the recovery that has been under way since the end of the summer has gained further strength, and in the last few months industrial production has been expanding at a very firm pace; the recovery registered in the Federal Republic of Germany is in full swing throughout industry and has had a stimulating effect on the economies of the other member countries.

Production expectations, which are now higher than at any time since April 1966, suggest that expansion will continue at a rapid pace during the next few months.

Total order-books, too, have shown a slight but continued improvement since July 1967, thus further confirming the reality of the expansion that has become apparent.

In the Federal Republic of Germany, the surveys show that overall industrial production has gained further momentum, proving that the recovery in demand has in recent months been more widely based. While progress has been most marked in the capital goods and the intermediate goods industries, there has also been an improvement in the reports on total order-books, and reports by the industries near the consumer stage have been more and more positive: at the end of January, 64 % of managements considered the level of total orders normal or above normal, as against 56 % at the end of September. This improvement appears to have been mainly attributable to domestic demand. The surveys in fact show that there has been little change in the level of export orders. There has been a further appreciable rundown of stocks of finished products.

Production expectations reflected a very high degree of optimism, and were better than at any time since March 1964: at the end of January, 28 % of managements were expecting to increase their production, as against 15 % at the end of September; their views on the adequacy of their production capacity were also distinctly better, but the price climate was not affected. All in all, there should be a sustained and very vigorous advance in industrial activity in the months ahead.

In France, the replies from managements have improved slightly in tone recently. Since the summer of 1967, industrialists have gradually become more optimistic about the outlook for their production; at the end of January, 89 % of them expected output to be unchanged or to rise during the next few months, as against 87 % at the end of September. The assessment of total order-books, on the other hand, still shows no distinct improvement; this may be due to the uncertainties connected with the changes in indirect taxation on 1 January 1968. The 57 % of managements that consider total order-books to be normal or above normal is just the same as at the end of September. There must have been some recovery in export demand during the autumn, as in January 66 % of managements claimed that they were satisfied with their export orders, as against 60 % at the end of September. There has been little change in the replies concerning stocks of finished products. The tendency for sales prices to rise could be attributed to a certain psychosis on the part of entrepreneurs in the face of the general application of TVA.

In the circumstances, industrial production might well gather speed in the months ahead, particularly when allowance is made for the policy measures recently taken by the public authorities.

In Italy, sustained expansion of industrial production has recently replaced the less dynamic trend that prevailed around the middle of last year.

The overall level of orders on hand is felt to be satisfactory; at the end of January, 75 % of managements described it as normal or above normal.

Export orders in particular, which had remained the weakest element of demand, picked up: at the end of January, 68 % of managements found them satisfactory, as against 64 % at the end of September. Stocks of finished products have of late started to fall.

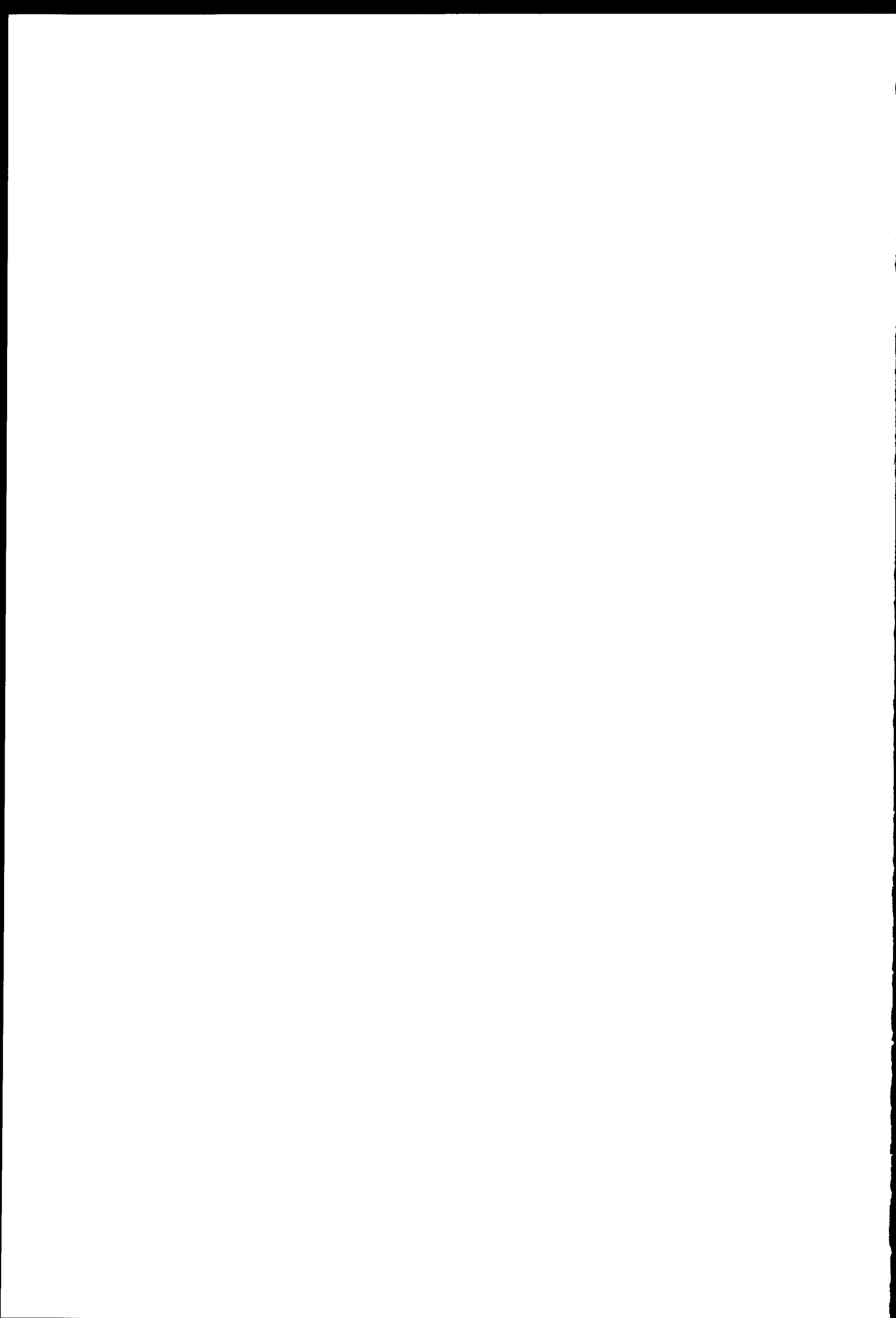
After deteriorating slightly until October, the production expectations of Italian firms are once again decidedly optimistic; at the end of January, 92 % of managements expected production to be unchanged or to rise in the next few months, as against 89 % at the end of September. Selling prices, on the other hand, have shown little sign of change. Taken together, these elements suggest that industrial production ought to advance at a fairly rapid pace in the coming months.

In Belgium, the replies to the questionnaires contain elements which justify the hope that in the near future the expansion of activity may be somewhat less slow. Export demand has revived, but the improvement observed in the trend of domestic demand since last summer has been less distinct. Replies concerning the trend in numbers employed are still showing a slight improvement (only 18 % of managements expect a decline), and production expectations, following a sharp fall in October, resumed the upward movement which started last May, and by the end of December had reached their highest level since March 1966, with 81 % of managements expecting production to be unchanged or to rise in the next few months. These various elements, combined with the improvement in the degree of utilization of production capacity and the efforts made by the public authorities to stimulate expansion, point to a slightly more dynamic outlook for production in the near future.

In the Grand Duchy of Luxembourg, activity has still been fairly weak, and the latest surveys again reveal some little deterioration in total orders and export orders. There now seems to be a slight tendency to run down stocks. Production expectations none the less continued to be good: 97 % of managements expected activity to be unchanged or to increase during the next few months, but there were distinct signs of a propensity to reduce the numbers employed.

(the figures are percentages of replies received)

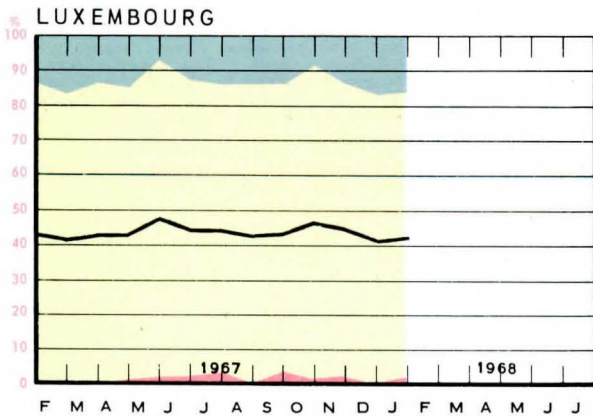
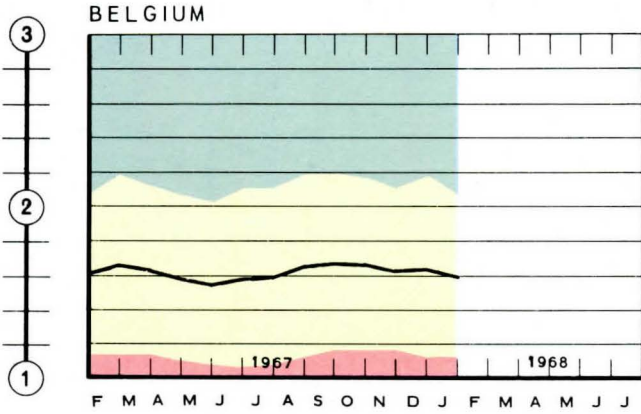
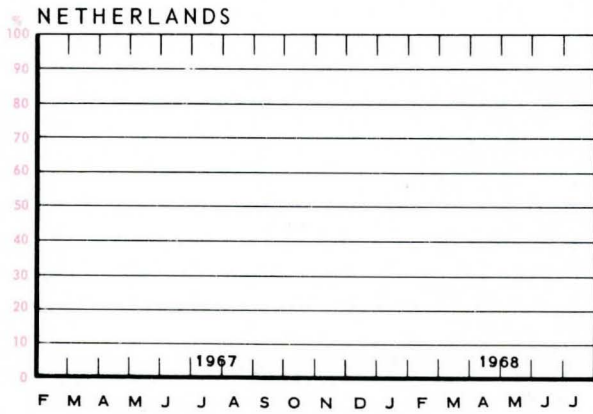
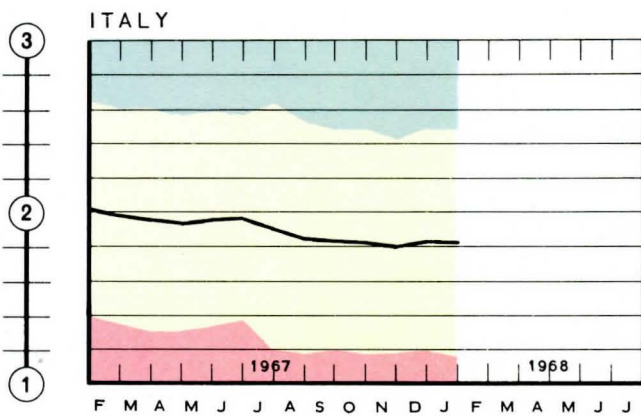
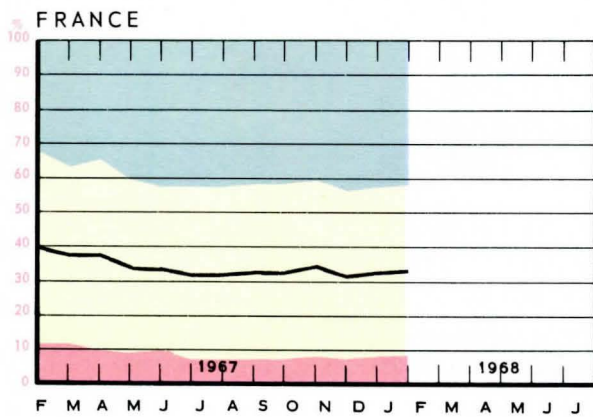
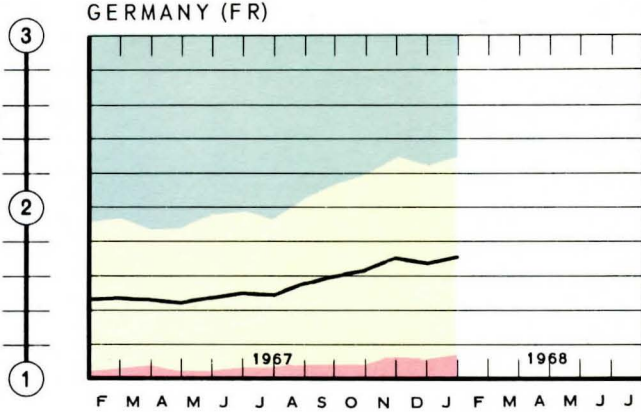
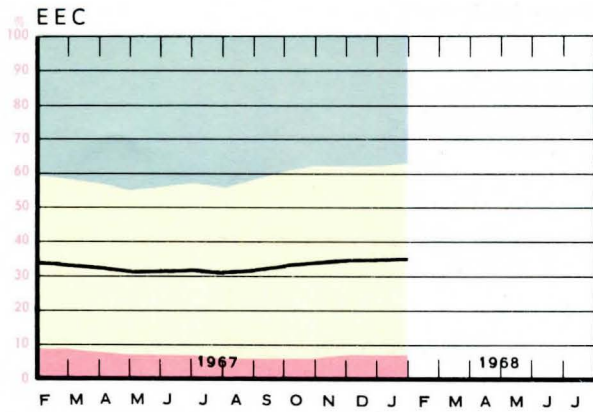
Questions Country	1967 1968	Assessments									Expectations															
		Total order-book					Export order-book				Stocks of finished products				Production					Selling prices						
		S	O	N	D	J	S	O	N	D	J	S	O	N	D	J	S	O	N	D	J	S	O	N	D	J
GERMANY (FR)	+	4	4	6	5	7	10	10	11	11	13	21	18	16	16	14	15	14	16	19	28	4	7	11	12	6
	=	52	55	58	57	57	61	63	62	59	58	73	78	80	76	81	77	77	76	74	68	88	80	71	72	85
	-	44	41	36	38	36	29	27	27	30	29	6	4	4	8	5	8	9	8	7	4	8	13	18	16	9
FRANCE	+	7	8	7	8	8	10	16	13	10	11	24	28	25	28	25	22	19	19	17	18	18	19	19	18	12
	=	51	51	49	49	50	50	49	50	55	55	71	67	71	66	70	65	66	67	72	71	74	72	69	73	80
	-	42	41	44	43	42	40	35	37	35	34	5	5	4	6	5	13	15	14	11	11	8	9	12	9	8
ITALY	+	10	9	9	10	8	9	10	7	11	12	24	23	25	22	19	19	17	23	25	25	13	12	11	11	9
	=	64	65	62	64	67	55	52	57	59	56	73	73	71	75	76	70	72	67	68	67	75	76	77	77	78
	-	26	26	29	26	25	36	38	36	30	32	3	4	4	3	5	11	11	10	7	8	12	12	12	12	13
NETHERLANDS	+																									
	=																									
	-																									
BELGIUM	+	8	8	8	6	6	6	6	8	8	8	23	20	20	21	24	18	14	16	18	17	12	16	13	18	13
	=	51	50	47	52	47	49	50	48	53	46	69	71	72	72	70	61	62	63	63	61	73	68	74	72	74
	-	41	42	45	42	47	45	44	44	39	46	8	9	8	7	6	21	24	21	19	22	15	16	13	10	13
LUXEMBOURG	+	3	2	2	0	1	3	0	1	0	2	11	5	5	5	5	3	4	2	3	6	73	2	3	71	72
	=	83	89	84	83	83	86	87	88	86	84	85	93	92	92	92	93	92	94	92	91	16	87	87	28	27
	-	14	9	14	17	16	11	13	11	14	14	4	2	3	3	3	4	4	4	5	3	11	11	10	1	1
EEC	+	6	6	7	7	7	9	10	10	10	12	23	22	21	21	19	18	16	18	19	23	11	12	14	15	9
	=	54	56	55	55	56	57	58	57	58	55	72	73	75	72	76	71	72	71	72	69	80	76	71	72	82
	-	40	38	38	38	37	34	32	33	32	33	5	5	4	7	5	11	12	11	9	8	9	12	15	13	9





# INDUSTRY AS A WHOLE

## Order-books



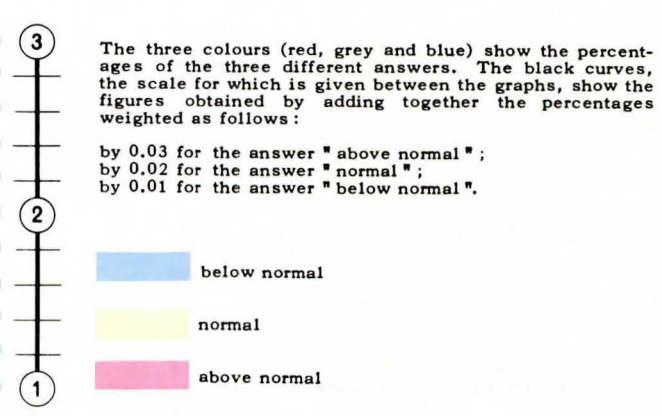
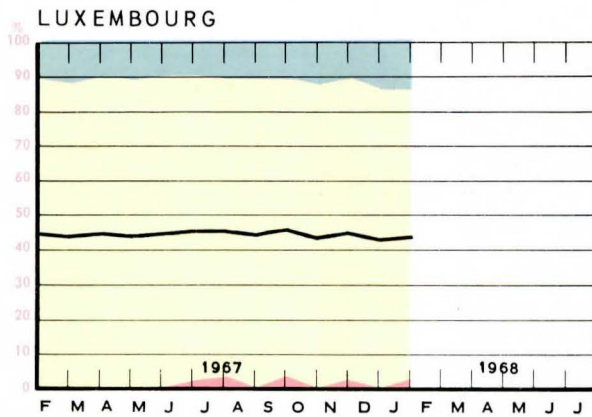
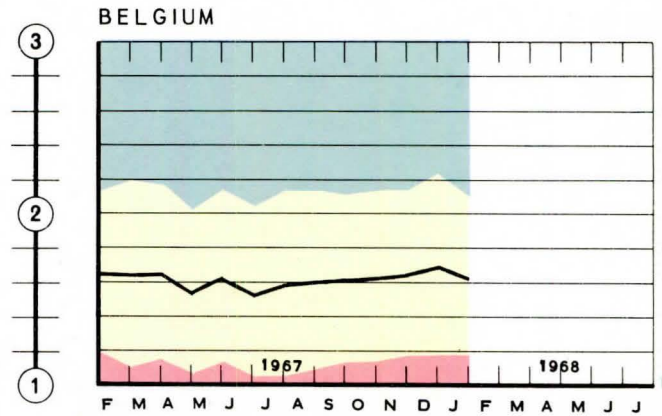
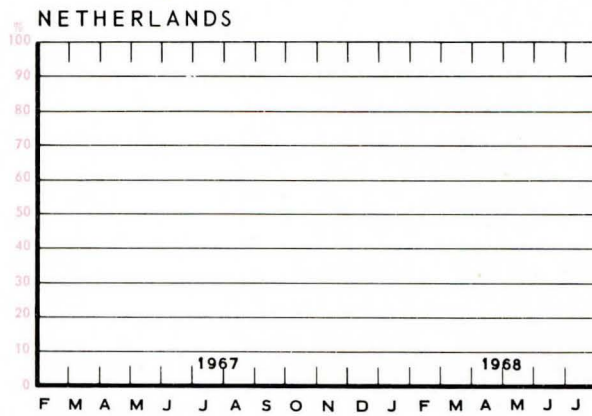
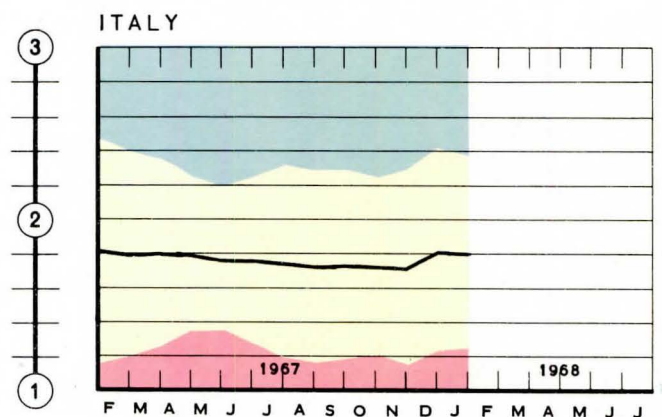
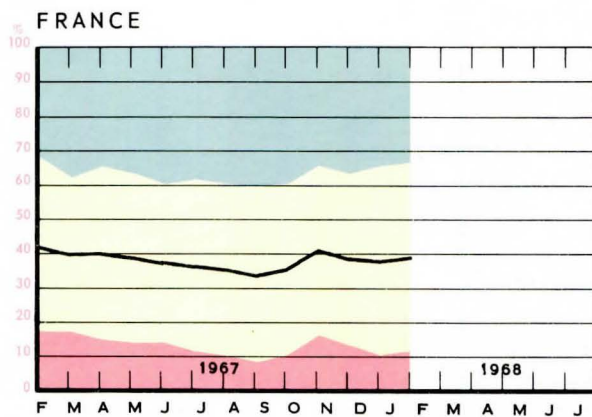
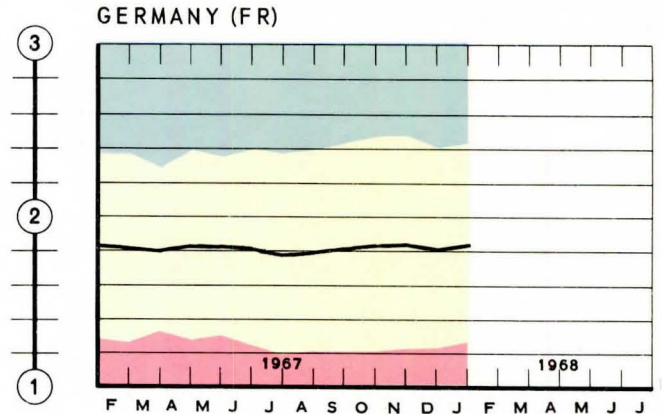
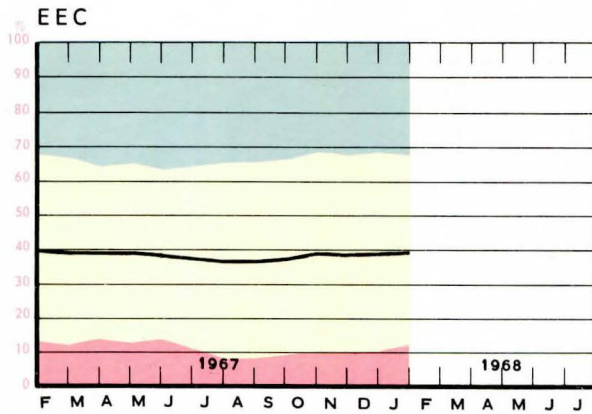
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

- by 0,03 for the answer "above normal";
- by 0,02 for the answer "normal";
- by 0,01 for the answer "below normal".



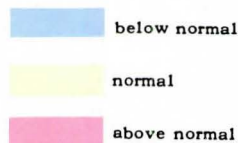
# INDUSTRY AS A WHOLE

## Export order-books



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:

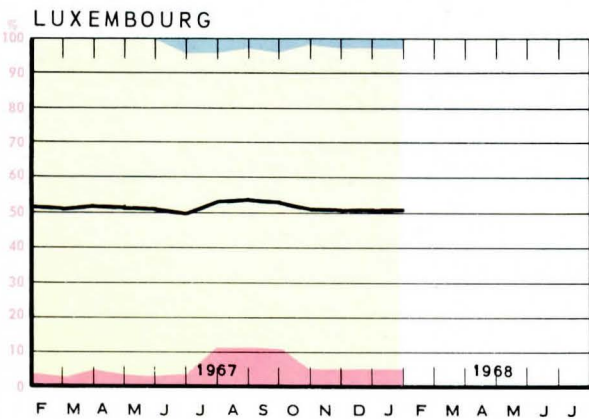
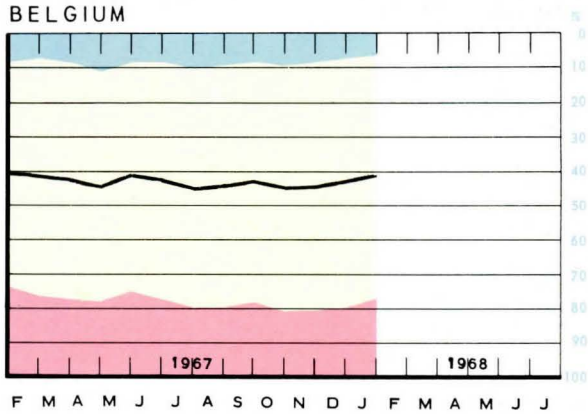
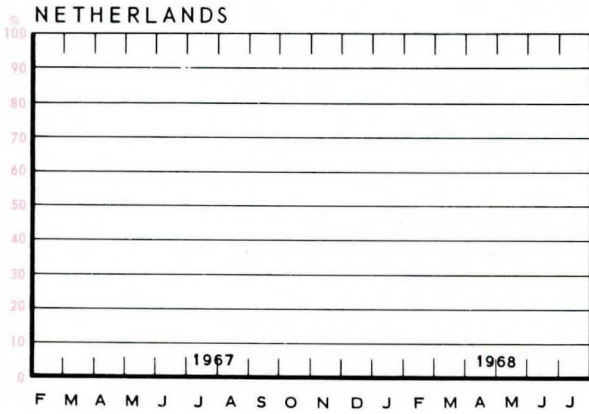
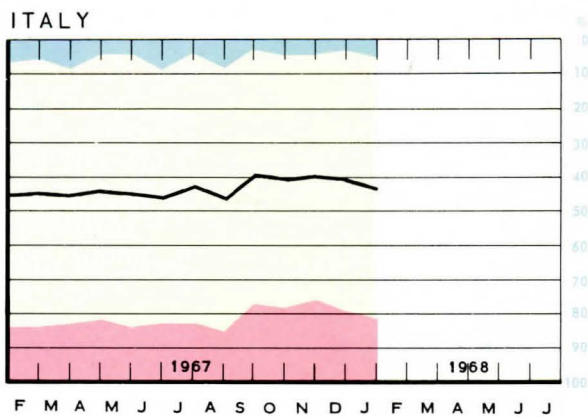
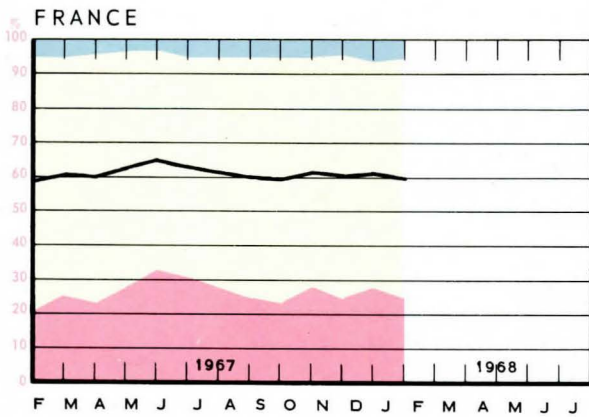
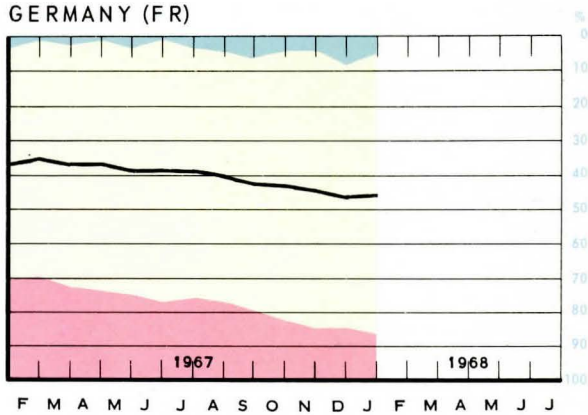
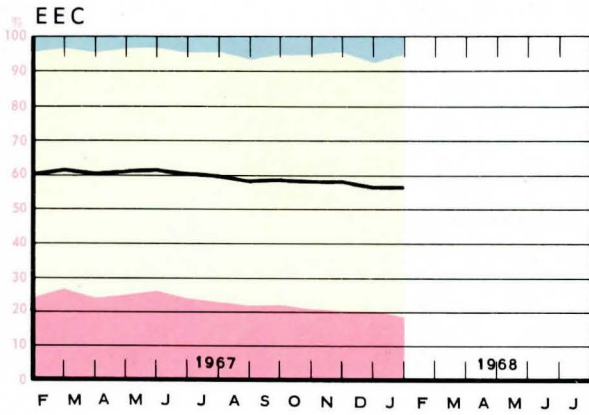
- by 0.03 for the answer "above normal";
- by 0.02 for the answer "normal";
- by 0.01 for the answer "below normal".





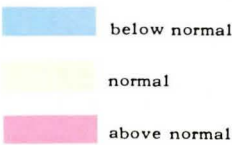
# INDUSTRY AS A WHOLE

## Stocks of finished products



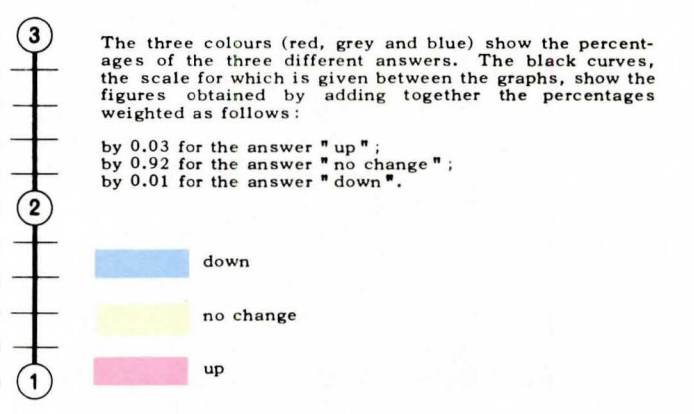
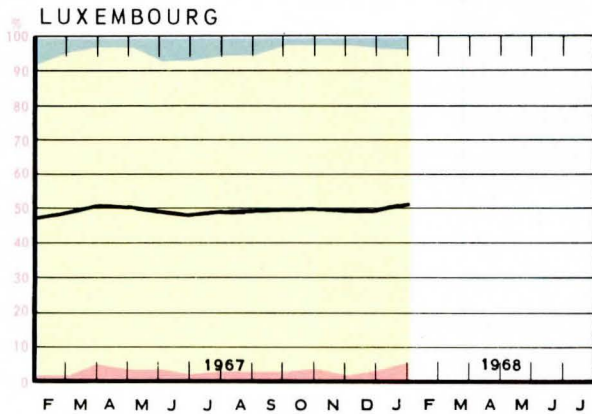
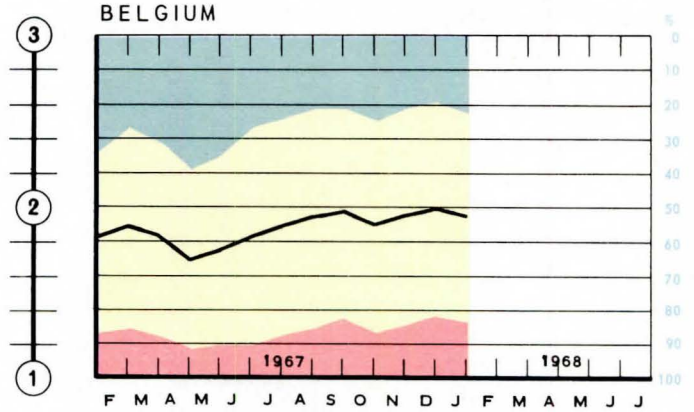
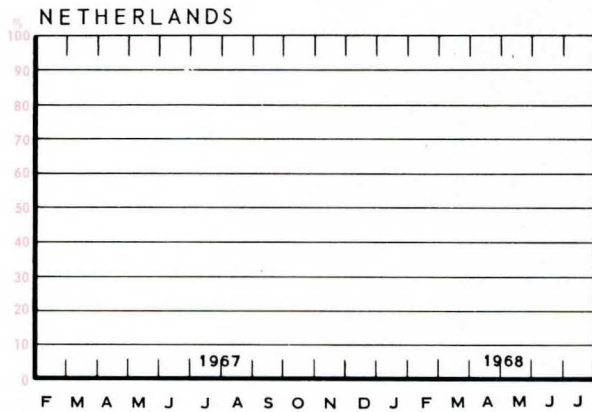
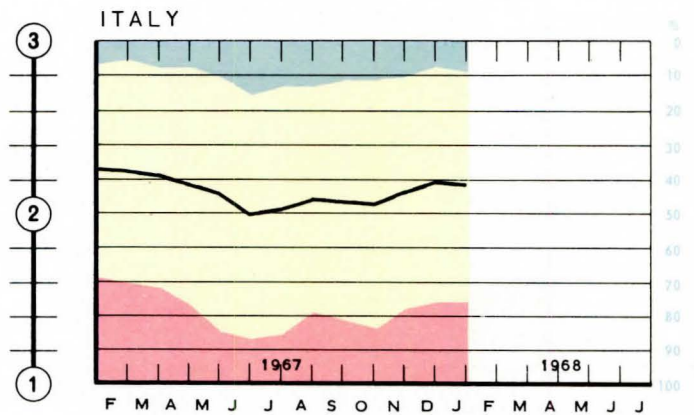
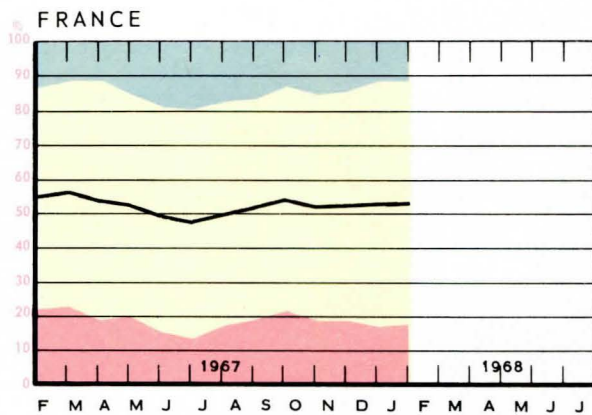
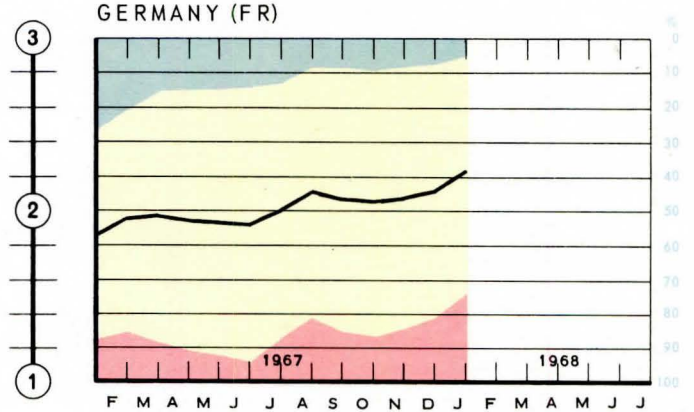
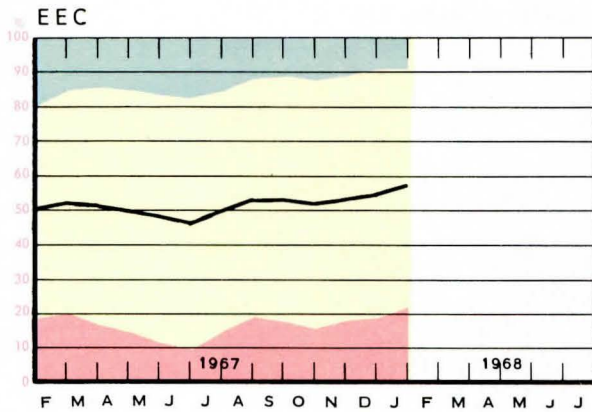
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

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



# INDUSTRY AS A WHOLE

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:

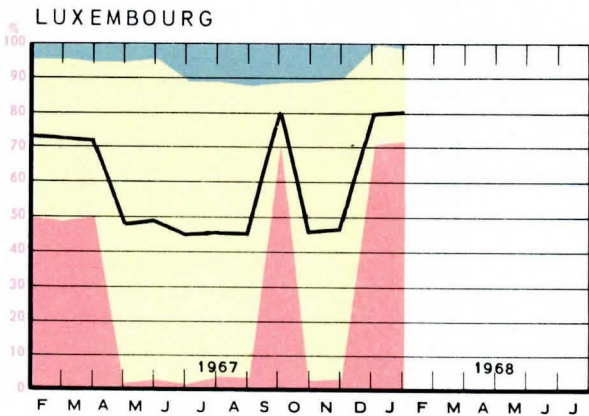
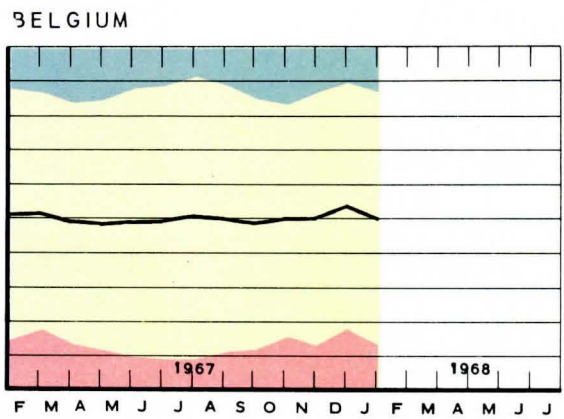
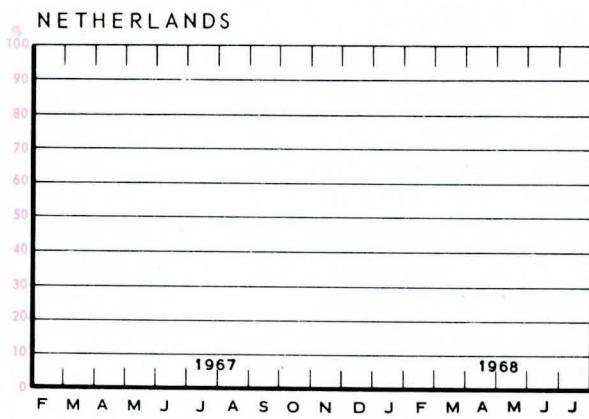
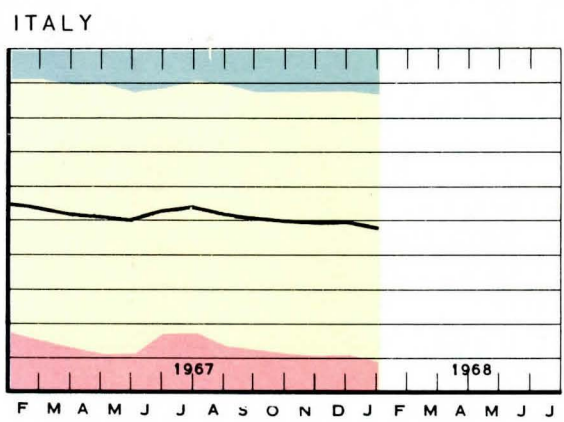
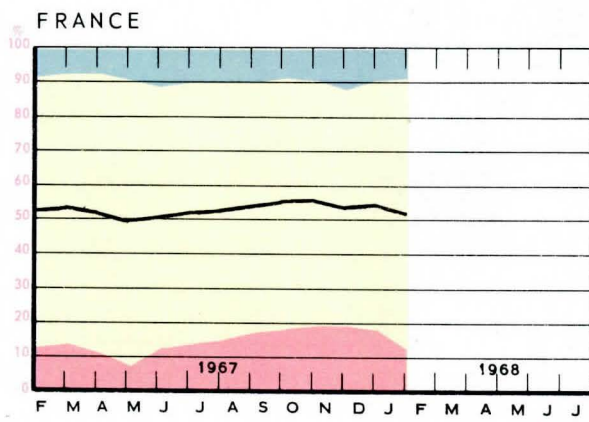
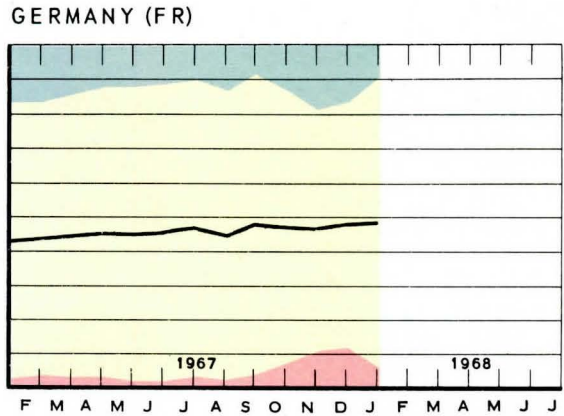
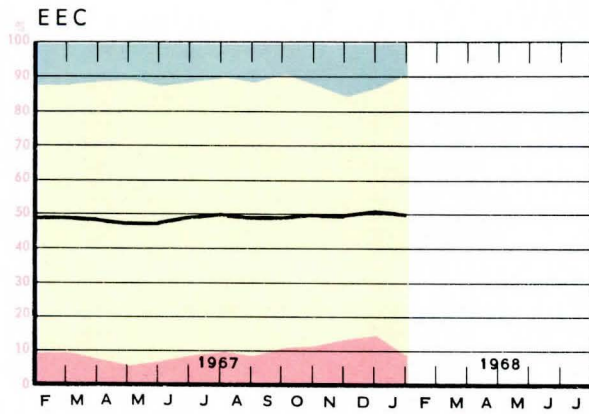
by 0.03 for the answer "up";  
by 0.92 for the answer "no change";  
by 0.01 for the answer "down".

down  
no change  
up



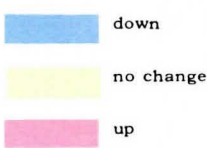
# INDUSTRY AS A WHOLE

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:

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- by 0.92 for the answer "no change" ;
- by 0.01 for the answer "down" .



# INDUSTRY AS A WHOLE

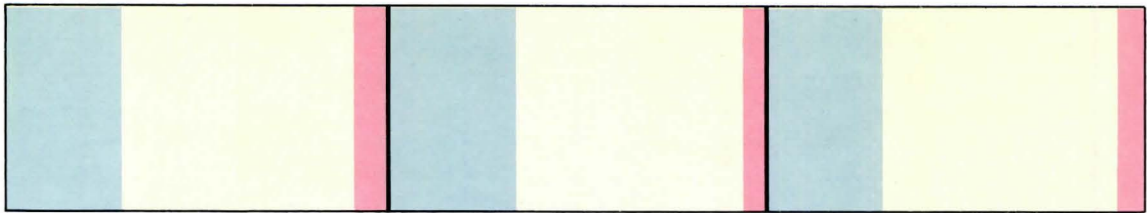
## Assessment of production capacity

(January 1967)

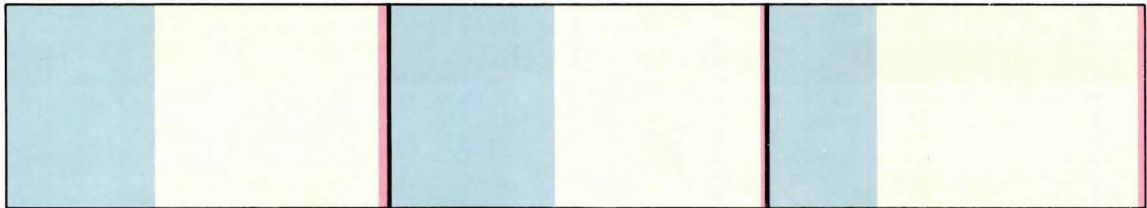
(May 1967)

(October 1967)

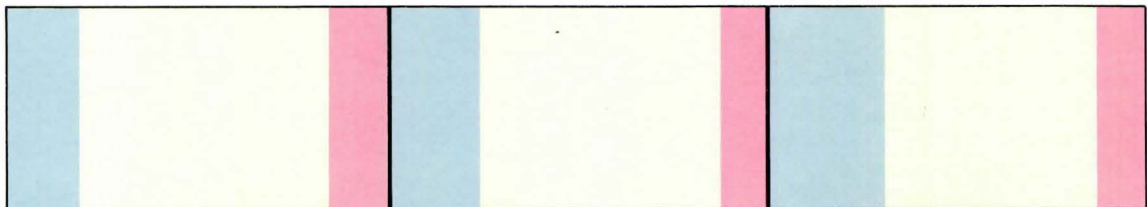
EEC



GERMANY (FR)



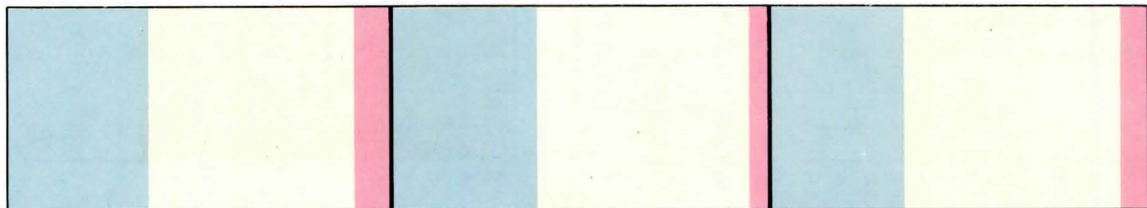
FRANCE



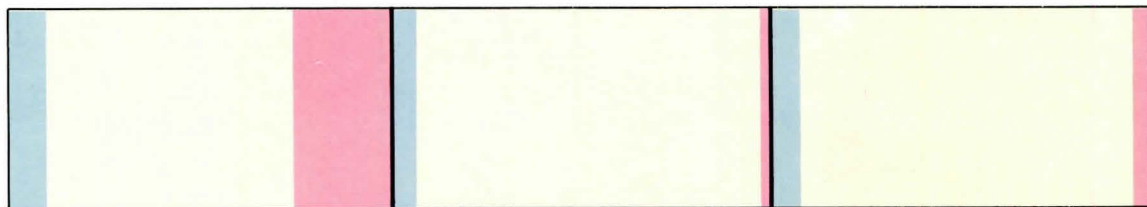
ITALY



BELGIUM

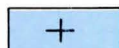


LUXEMBOURG

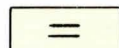


Our present capacity is:

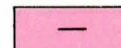
more than adequate



adequate



inadequate



## CONSUMER GOODS

In the Federal Republic of Germany, recovery does not yet appear to be very lively in the consumer goods industries, partly as a result of the modest expansion of incomes from wages. The acceleration of production was due mainly to gains in productivity, as is usual when activity is beginning to recover; in addition, the absence of strains on the labour market has meant that wage rates have been rising only slowly, while the savings ratio still remained high. In the aggregate, opinions on total order-books have not yet started to reflect any great improvement; 66 % of the managements questioned at the end of January still considered them normal or above normal, as against 64 % at the end of September. The trend is the same for orders from abroad.

To judge by the increase in the number of firms giving the answer "below normal", stocks, particularly of consumer durables, must have been considerably depleted, no doubt in connection with the introduction of the tax on value added. In this context, two factors point to an acceleration of activity in the consumer goods industries in the next few months: firstly, production expectations were distinctly better, with the proportion of managements expecting a rise in their production climbing from 17 % at the end of September to 27 % at the end of January; secondly, there is a steady rise in the number of firms reporting that they intend to take on additional labour in the months ahead.

In France, activity in the consumer goods industries picked up in conjunction with a significant recovery of private consumption since last autumn. The degree to which production capacity is utilized is also rising, but it appears that this improvement is occurring mainly in the industries producing consumer durables.

All in all, the views held by heads of enterprises on their total order-books improved slightly after the middle of 1967, and at the end of January 60 % of them thought the level of orders normal or above normal. The replies on orders from abroad reflected a distinct recovery. The latest surveys have revealed a slight rundown of stocks of finished products, particularly of durables.

Production expectations are improving slightly; at the end of January, 89 % of managements expected production to be unchanged or to rise during the months ahead, as against 87 % at the end of September. Moreover, there has, in the last few months, been a tendency for firms to take on additional labour. The tendency for prices to rise that was observed at the end of the year was probably connected with the changes in the tax system. To sum up, these latest surveys suggest that the rise in production of consumer goods will be rather more sustained than previously.

In Italy, the slight slowdown of production in the consumer goods industries already noted in the last report appears to have come to a halt. Opinions on total order-books are no longer deteriorating: the proportion of managements which considered the level of orders on hand normal or above normal increased from 71 % at the end of September to 75 % at the end of January. But the most favourable element in the surveys consists in entrepreneurs' predictions for the trend of production: at the end of January, 38 % of them expected the rate of their production to go up during the next few months, as against 23 % at the end of September. The price climate has remained quiet.

In Belgium, the situation in the consumer goods industries remained rather sluggish, undoubtedly because of the weak trend of spending by households, influenced by uncertainty about the general economic climate. Despite this, replies concerning the trend of production in the next few months have improved somewhat. After a

spell of deterioration, probably for seasonal reasons, they improved significantly in December and January, suggesting that there may soon be a higher level of activity: at the end of January, 81% of managements expected production to be unchanged or to rise during the next few months. Reports on total order-books continued to be somewhat unfavourable, since at the end of January 42% of managements considered the level of orders unsatisfactory, as against 40% at the end of October. Demand from abroad showed a similar trend, while stocks of finished products built up somewhat towards the end of the year. The pressure on selling prices appears to have persisted.

For the Community as a whole, the improvement of the climate in the consumer goods sector was most evident in production expectations, which reached their highest level since May 1966; at the end of January, 92% of managements expected production to be unchanged or to rise in the next few months, as against 89% at the end of September. Moreover, the past few months have seen a distinct rise in the degree of plant utilization and in numbers employed.

The assessments of total order-books have not yet revealed any notable lengthening, which is typical of the situation in the early phase of recovery: from the end of September to the end of January, the proportion of managements considering their order-books normal or above normal rose from 64 to 65%.

Despite the still not very encouraging tone of these reports on order-books, the whole of the elements brought to light by the surveys and particularly the production expectations justify the hope that activity will develop along firmer lines in the months ahead.

In the industries manufacturing non-durable consumer goods, internal demand revived somewhat. Demand from abroad showed a similar trend, and the mood on production expectations became once again decidedly positive.

In garments and knitwear, total order-books are still fairly poor and stocks remained high, but production expectations, following a brief decline, are again positive. Total orders for leather and footwear registered a distinct improvement. Reports on stocks showed little change, and production expectations recovered vigorously and were again positive at the end of the year.

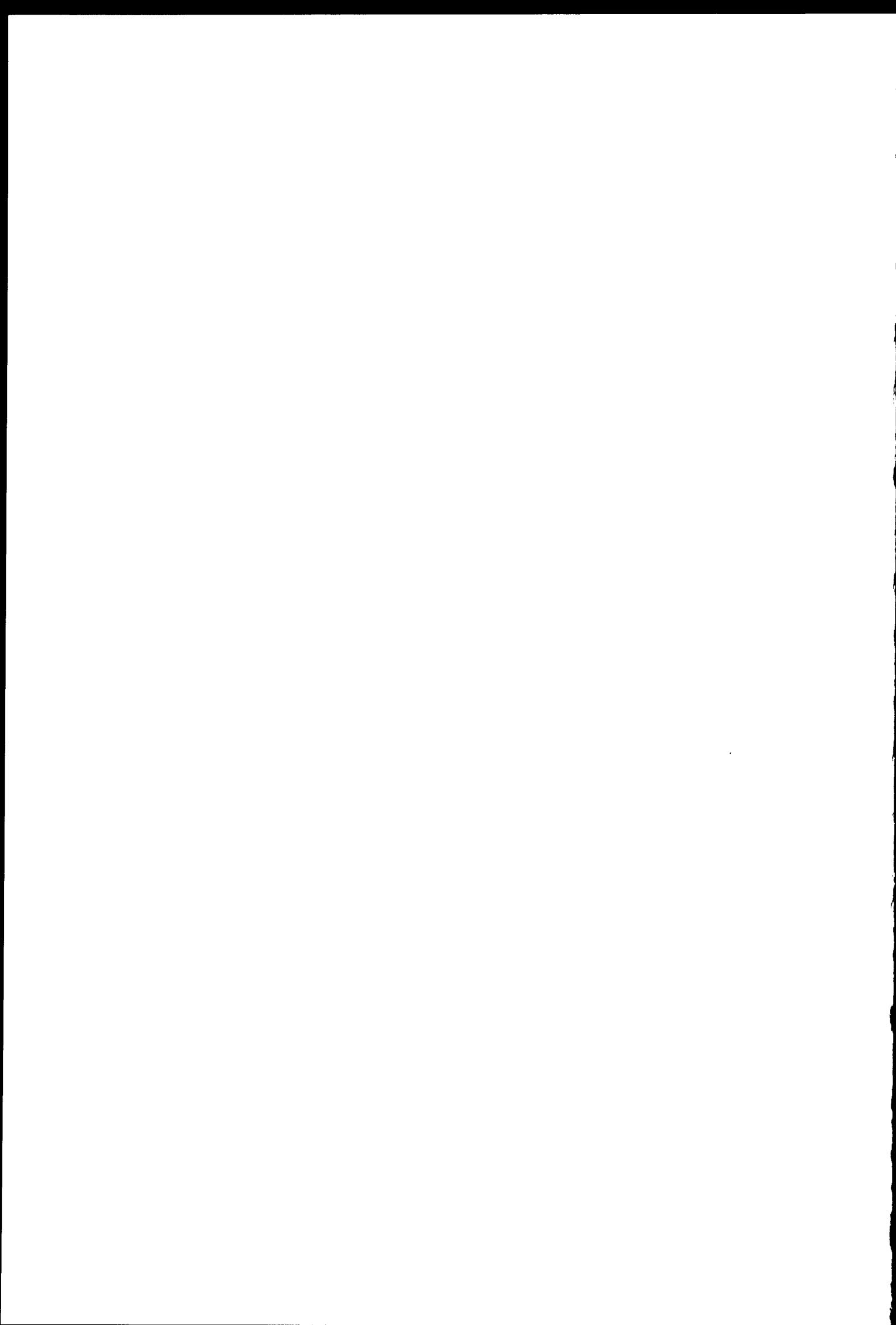
In the durable consumer goods industries, production expectations have continued to improve distinctly during the past few months, in part no doubt as a result of seasonal influences. Stocks of finished products, which were run down appreciably in the autumn, have not declined any further. There has been a steady increase in the number of managements which consider their order-books above normal.

In the motor vehicle industry, stocks were again brought down, and the upward trend of production is improving further. The outlook for metal consumer articles and domestic electric appliances is improving very clearly, even though order-books are still reported to be thin.



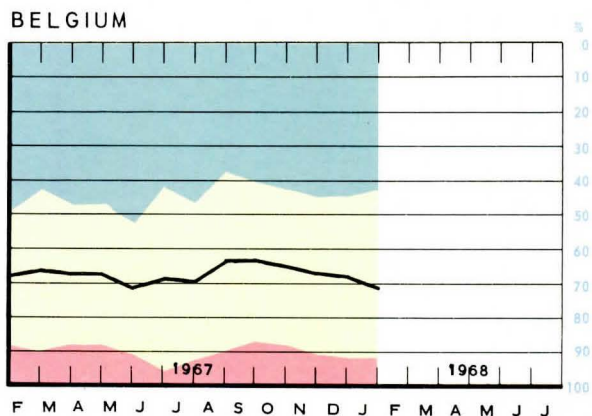
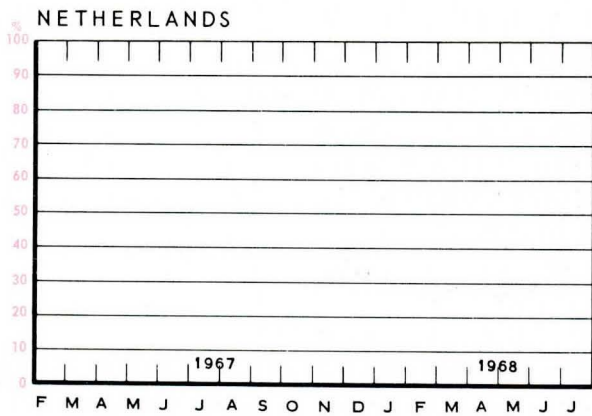
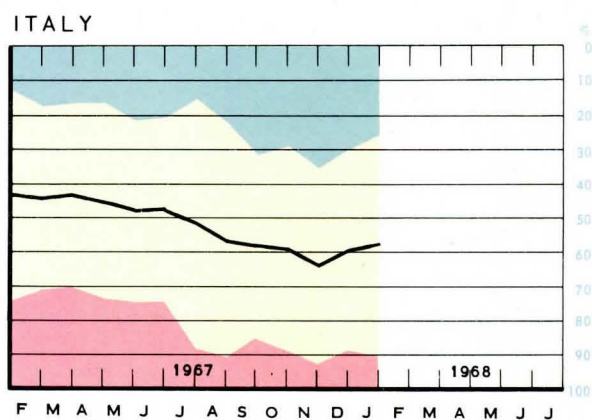
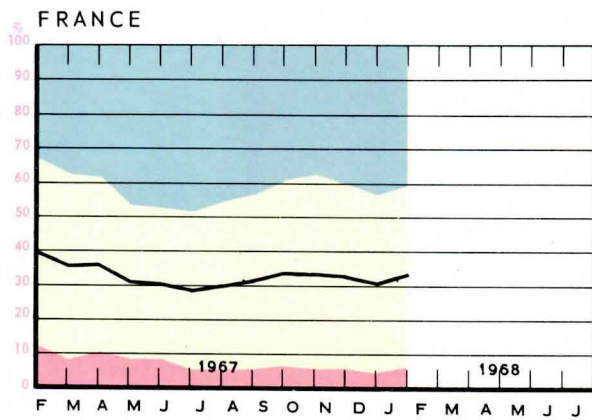
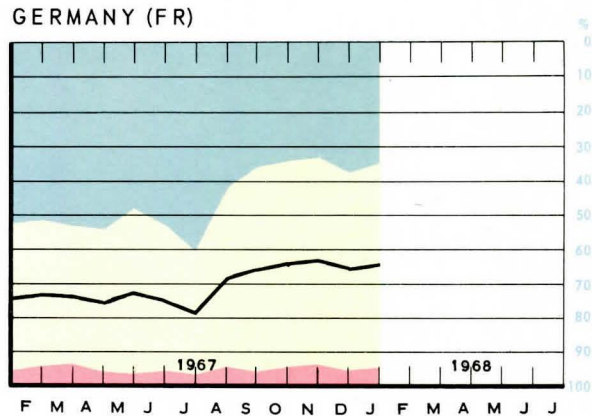
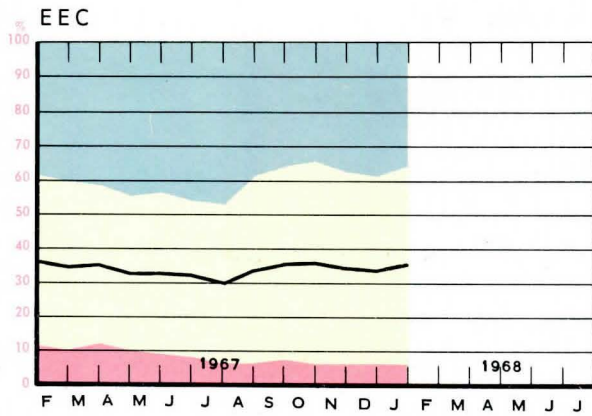
(the figures are percentages of replies received)

Country	Questions 1967 1968	Assessments									Expectations															
		Total order-book					Export order-book					Stocks of finished products					Production					Selling prices				
		S	O	N	D	J	S	O	N	D	J	S	O	N	D	J	S	O	N	D	J	S	O	N	D	J
GERMANY (FR)	+	4	5	6	4	5	8	7	8	5	11	22	19	21	20	19	17	12	14	22	27	1	6	5	8	4
	=	60	61	61	59	61	60	69	63	63	55	64	73	72	63	74	75	79	77	72	68	93	86	83	83	89
	-	36	34	33	37	34	32	24	29	32	34	14	8	7	17	7	8	9	9	6	5	6	8	12	9	7
FRANCE	+	6	5	5	4	6	6	26	19	17	18	21	27	24	25	24	16	18	21	19	15	17	18	25	29	10
	=	55	58	55	53	54	61	52	52	56	57	72	64	68	61	67	68	69	64	72	74	74	72	62	61	82
	-	39	37	40	43	40	33	22	29	27	25	7	9	8	14	9	16	13	15	9	11	9	10	13	10	8
ITALY	+	15	11	7	11	10	7	7	4	7	6	29	29	35	30	19	23	15	31	36	38	13	16	15	13	12
	=	54	60	58	59	65	67	65	67	67	65	67	65	61	66	78	70	79	59	57	53	74	73	72	78	78
	-	31	29	35	30	25	26	28	29	26	29	4	6	4	4	3	7	6	10	7	9	13	11	13	9	10
NETHERLANDS	+																									
	=																									
	-																									
BELGIUM	+	13	12	9	8	8	6	7	17	8	6	23	17	21	22	23	26	14	20	25	25	18	18	13	14	14
	=	47	46	47	48	50	53	53	43	48	46	67	70	73	72	72	57	60	57	57	56	79	77	77	79	82
	-	40	42	44	44	42	41	40	40	44	48	10	13	6	6	5	17	26	23	18	19	3	5	10	7	4
LUXEMBOURG	+																									
	=																									
	-																									
EEC	+	7	6	6	6	6	7	10	10	8	11	23	23	25	24	21	19	15	20	24	25	10	13	14	16	8
	=	57	60	57	56	59	61	64	60	61	56	67	69	68	63	72	70	74	68	68	67	82	78	74	75	84
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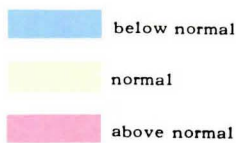
# CONSUMER GOODS

## Order-books



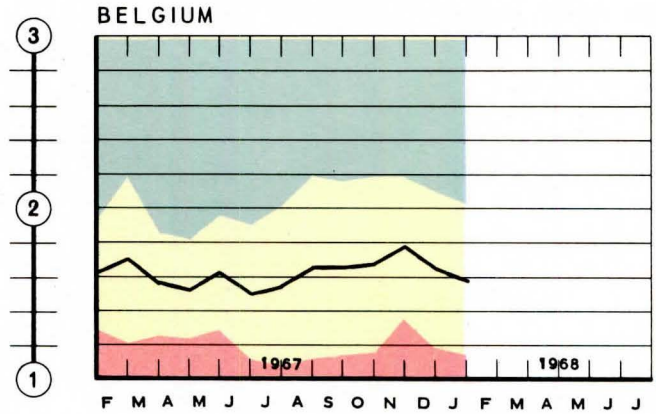
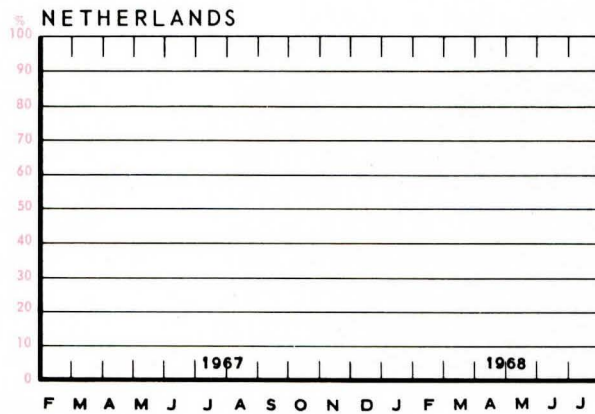
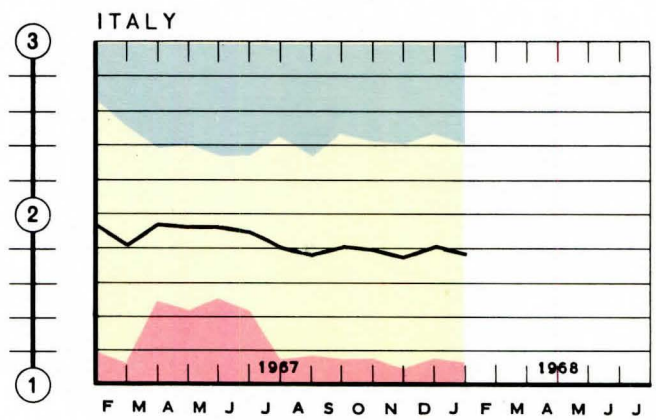
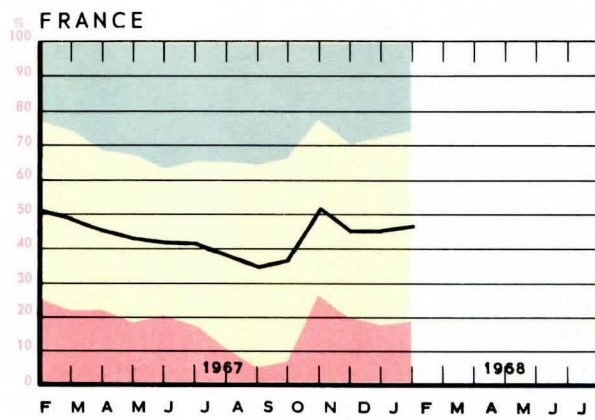
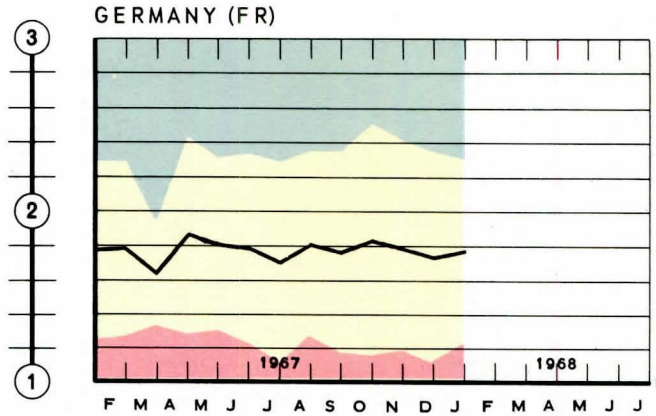
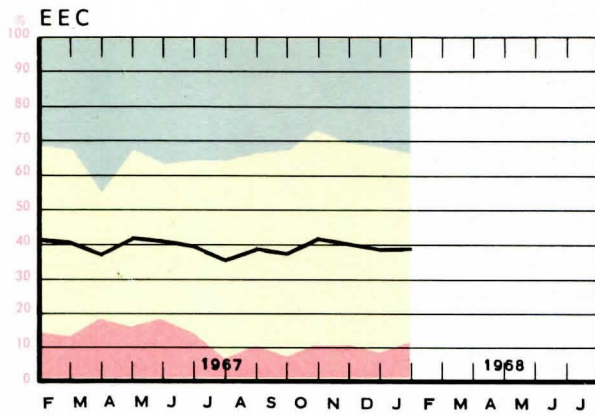
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows :

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



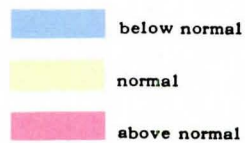
# CONSUMER GOODS

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:

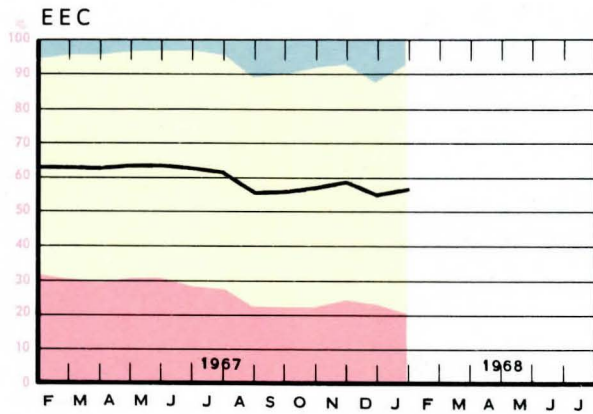
- by 0.03 for the answer "above normal";
- by 0.02 for the answer "normal";
- by 0.01 for the answer "below normal".



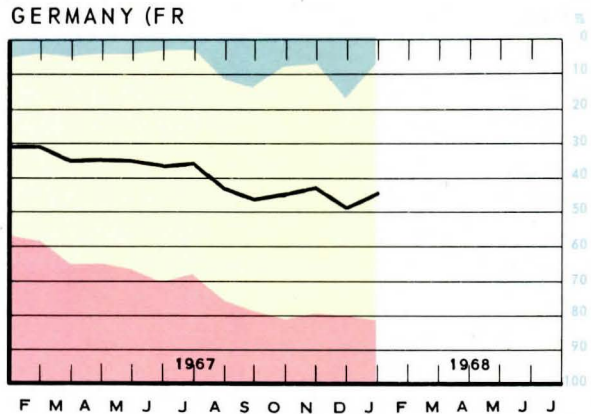


# CONSUMER GOODS

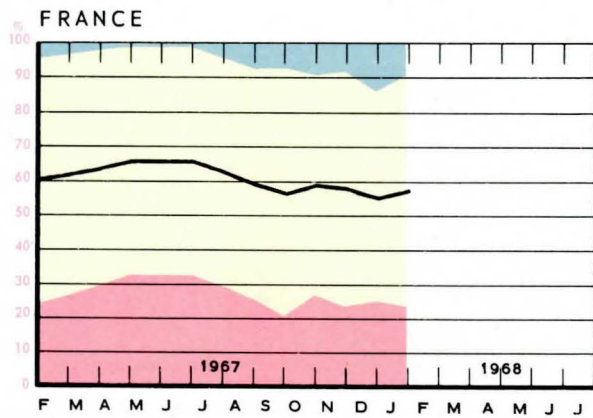
## Stocks of finished products



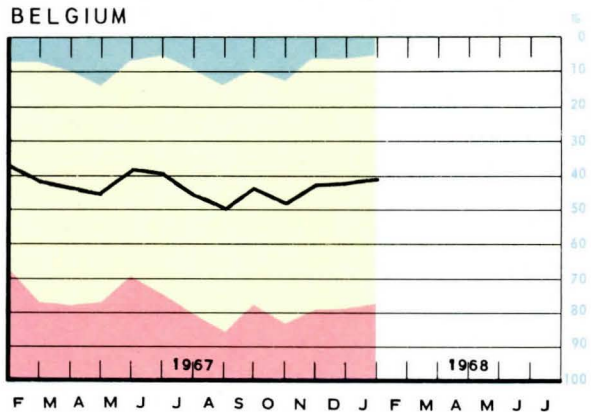
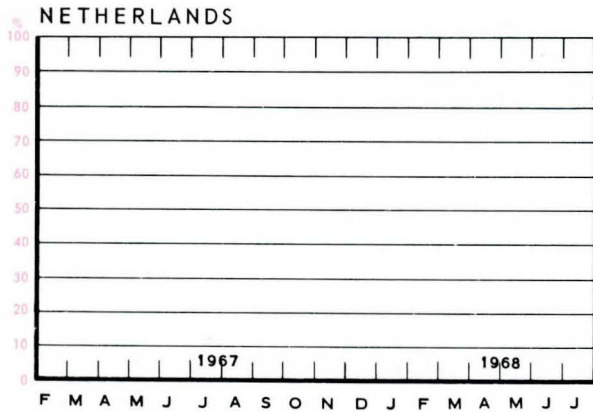
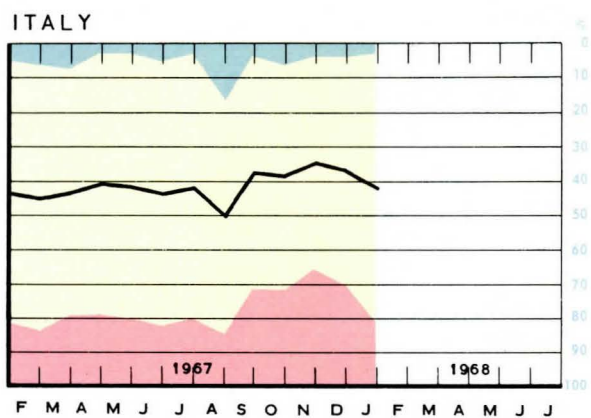
3  
2  
1



3  
2  
1



3  
2  
1



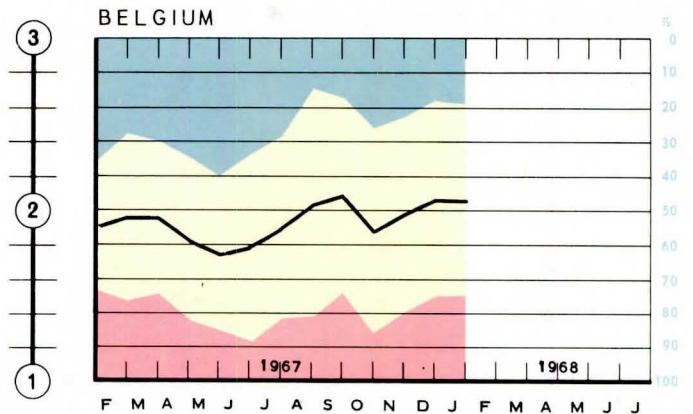
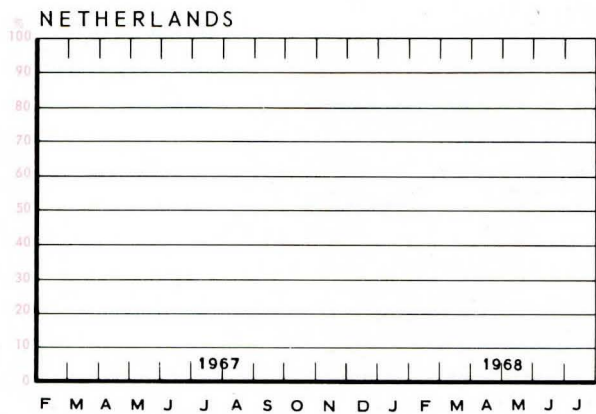
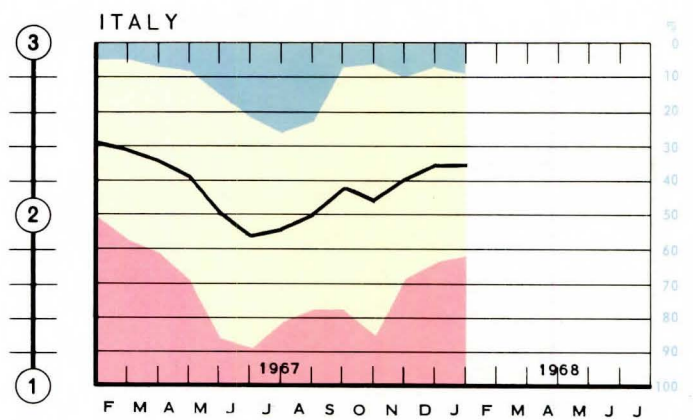
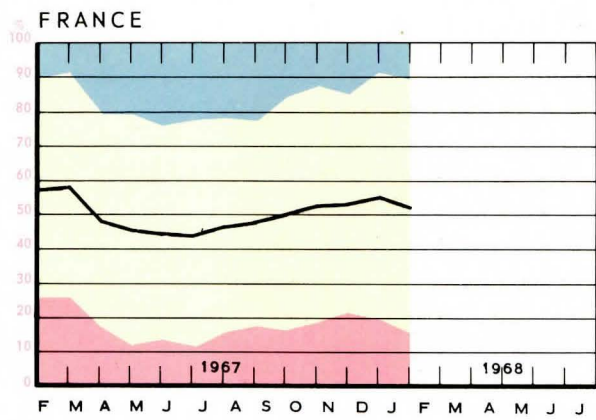
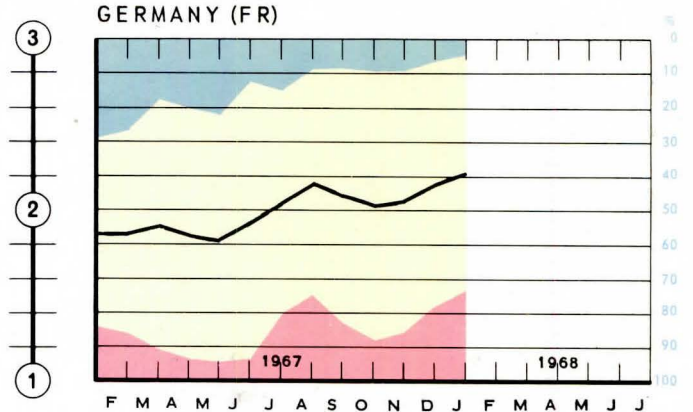
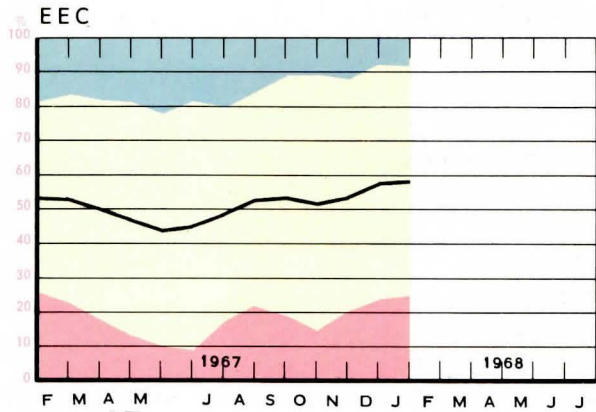
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

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



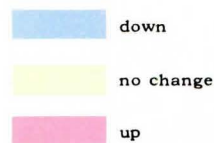
# CONSUMER GOODS

## Trend in production



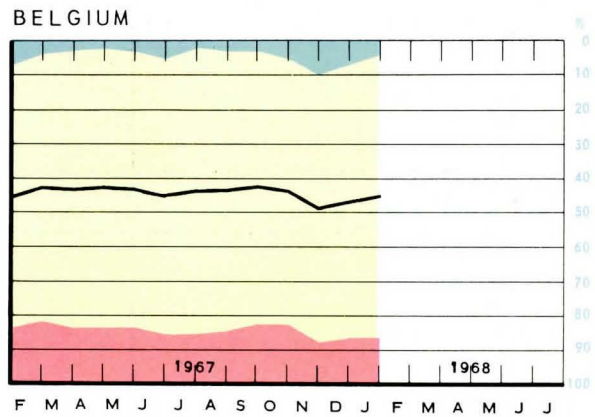
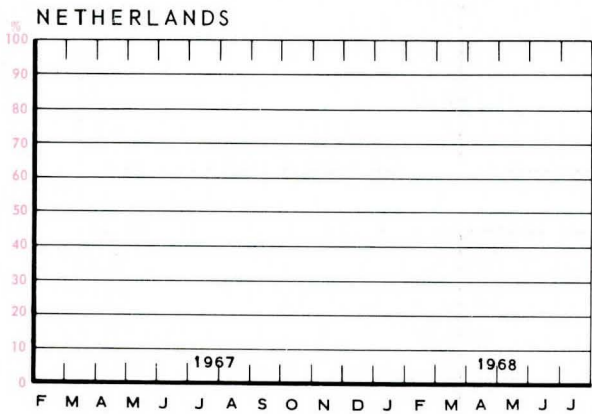
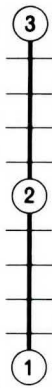
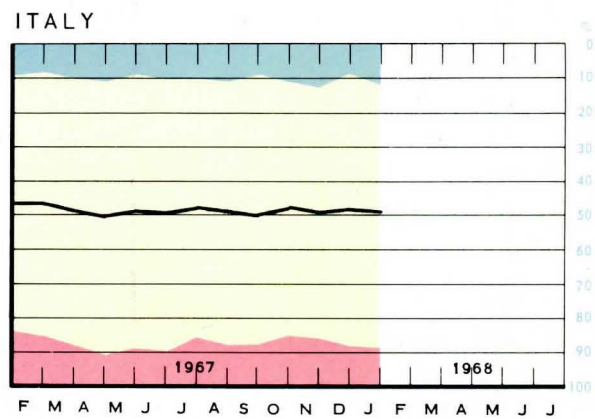
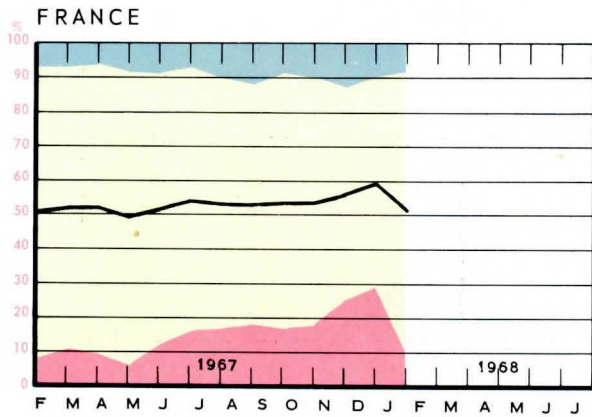
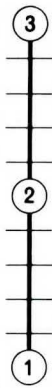
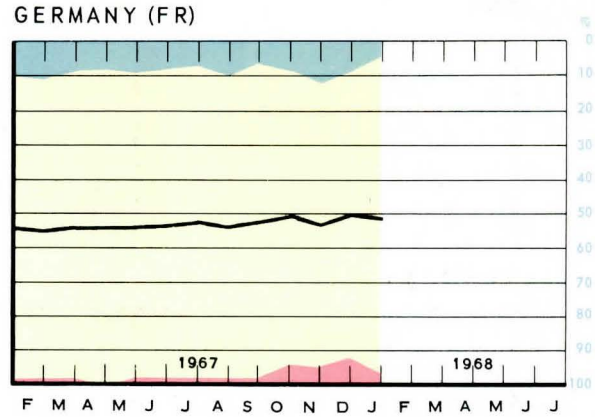
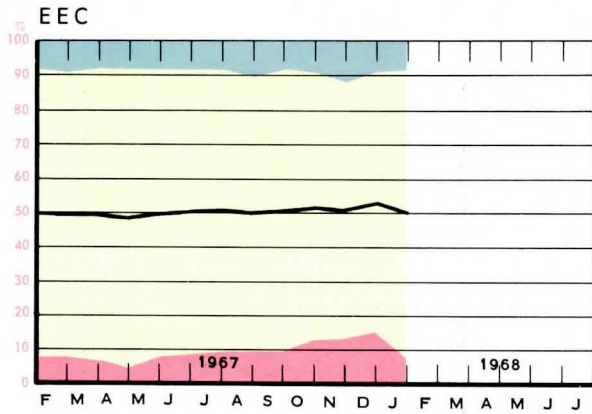
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

by 0.03 for the answer "up";  
 by 0.92 for the answer "no change";  
 by 0.01 for the answer "down".



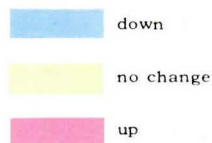
# CONSUMER GOODS

## 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:

by 0.03 for the answer "up";  
by 0.92 for the answer "no change";  
by 0.01 for the answer "down".





# CONSUMER GOODS

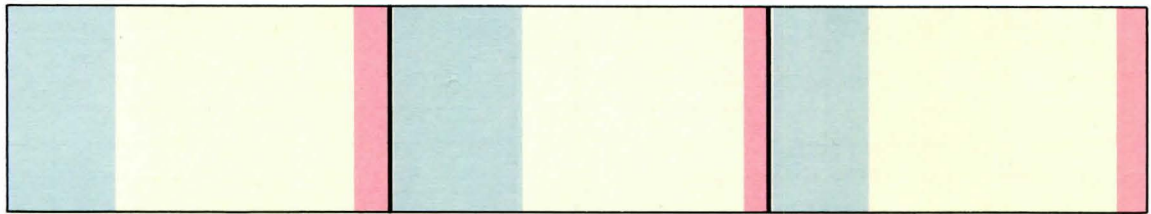
Assessment of production capacity

(January 1967)

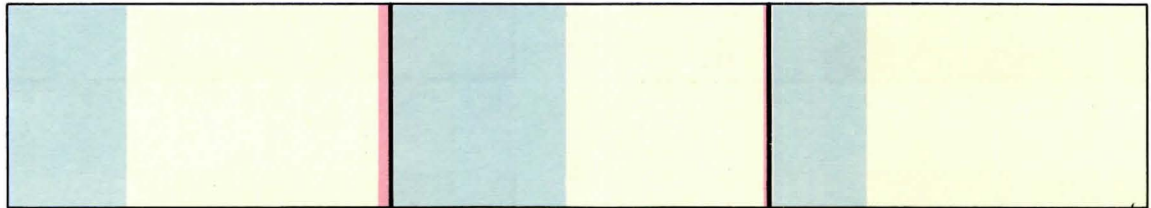
(May 1967)

(October 1967)

EEC



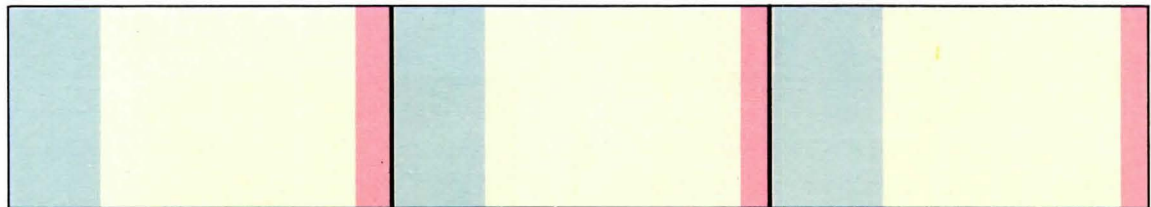
GERMANY (FR)



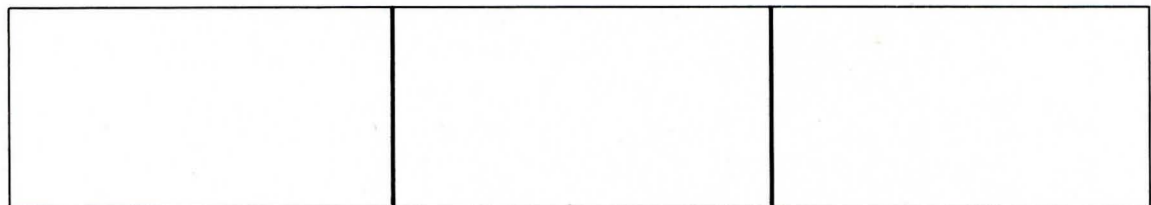
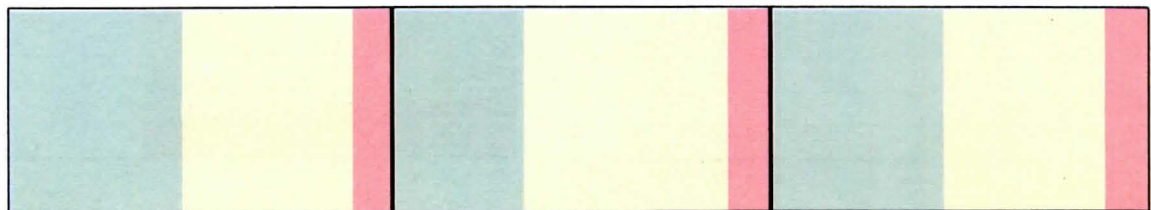
FRANCE



ITALY

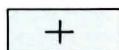


BELGIUM

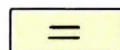


Our present capacity is:

more than adequate



adequate



inadequate





## CAPITAL GOODS

In the Federal Republic of Germany, the surveys show that the situation in the capital goods industries has continued to improve. The degree of plant utilization increased significantly, and replies on the trend of demand were increasingly positive: at the end of January, 55% of managements reported the level of orders on hand to be normal or above normal, as against 49% at the end of September. Domestic demand also revived, but the pace at which it advanced was more modest than before, and stocks were considerably less heavy. Other signs suggest that production is likely to continue growing at a very rapid pace in the next few months: production expectations improved distinctly, and the readiness to take on additional staff increased somewhat in the course of the autumn. Reports from the industries associated with building also imply a significant improvement in the business situation: total orders and export orders were both higher, and production expectations continued to improve. Selling prices still tended downwards.

In France, the capital goods industries, which had tended to stagnate in the middle of 1967, appear to have experienced a slight improvement since the autumn. At the end of January, 61% of managements considered the level of orders on hand to be normal or above normal, as against 59% at the end of September. More export order-books are above normal, and though stocks of finished products have stabilized, their level is fairly high. Production expectations, after signs of a setback towards the middle of the year, have again been improving from November onwards, so that production should continue to expand in the months ahead: at the end of January, 88% of managements expected their production to remain unchanged or to rise, as against 86% at the end of September. In the industries associated with building, there has been little change in the assessment of orders, but stocks have risen appreciably. Production expectations have of late improved distinctly, in part, no doubt, as a result of seasonal influences. Price expectations point to a rise; they appear to be influenced by the more general application of the tax on value added.

In Italy, activity in the capital goods industries, which had slowed down a little in mid-1967, again developed along firmer lines at the end of the year. Assessments of total order-books improved slightly, and demand from abroad showed a pronounced recovery: at the end of December, 68% of managements considered their foreign order-books normal or above normal, as against 58% at the end of September. Stocks of finished products showed little change. Production expectations, which in the summer had shown a fairly marked decline, showed a very substantial improvement from the autumn onwards, and their current level suggests that there will be further rapid expansion in the capital goods sector: from the end of September to the end of January, the proportion of managements expecting production to rise in the next few months increased from 19 to 26%.

In the industries associated with building, the improvement in the economic climate is less distinct. Total order-books have deteriorated further; demand from abroad has remained weak. The trend in production expectations, however, which had been further depressed in the autumn, was reversed at the end of the year.

In Belgium, activity in the capital goods industries has remained relatively weak. Replies show a distinct further weakening in demand; at the end of January, 58% of managements considered the level of their total orders unsatisfactory, as against 44% at the end of September. For export order-books, the figures were 60% at the end of January as against 49% at the end of September. Stocks of finished products built up slightly.

Production expectations on the other hand were again comparatively optimistic. The information provided by the surveys none the less presents, when taken together, a rather bleak picture of the situation in these industries; to justify the conclusion that the rate of growth is picking up again, the positive elements would have to gain in strength and become more numerous.

In the industries associated with building, demand has shown little change in recent months, if seasonal variations are left out of account. Expectations, however, show that managements are growing more optimistic about the future trend of their production: at the end of January positive replies again outnumbered negative ones.

In the Community as a whole, the latest surveys provided evidence of a more expansionary economic trend. Demand for capital goods has gained in strength in all member countries except Belgium. Moreover, the general improvement in production expectations implies that the climate should remain good in the next few months.

In the commercial vehicle industry, the improvement noted in the previous report has been confirmed in the event: total orders went up, partly thanks to a recovery of demand from abroad; stocks declined and production, already at a high level, was once more expected to advance.

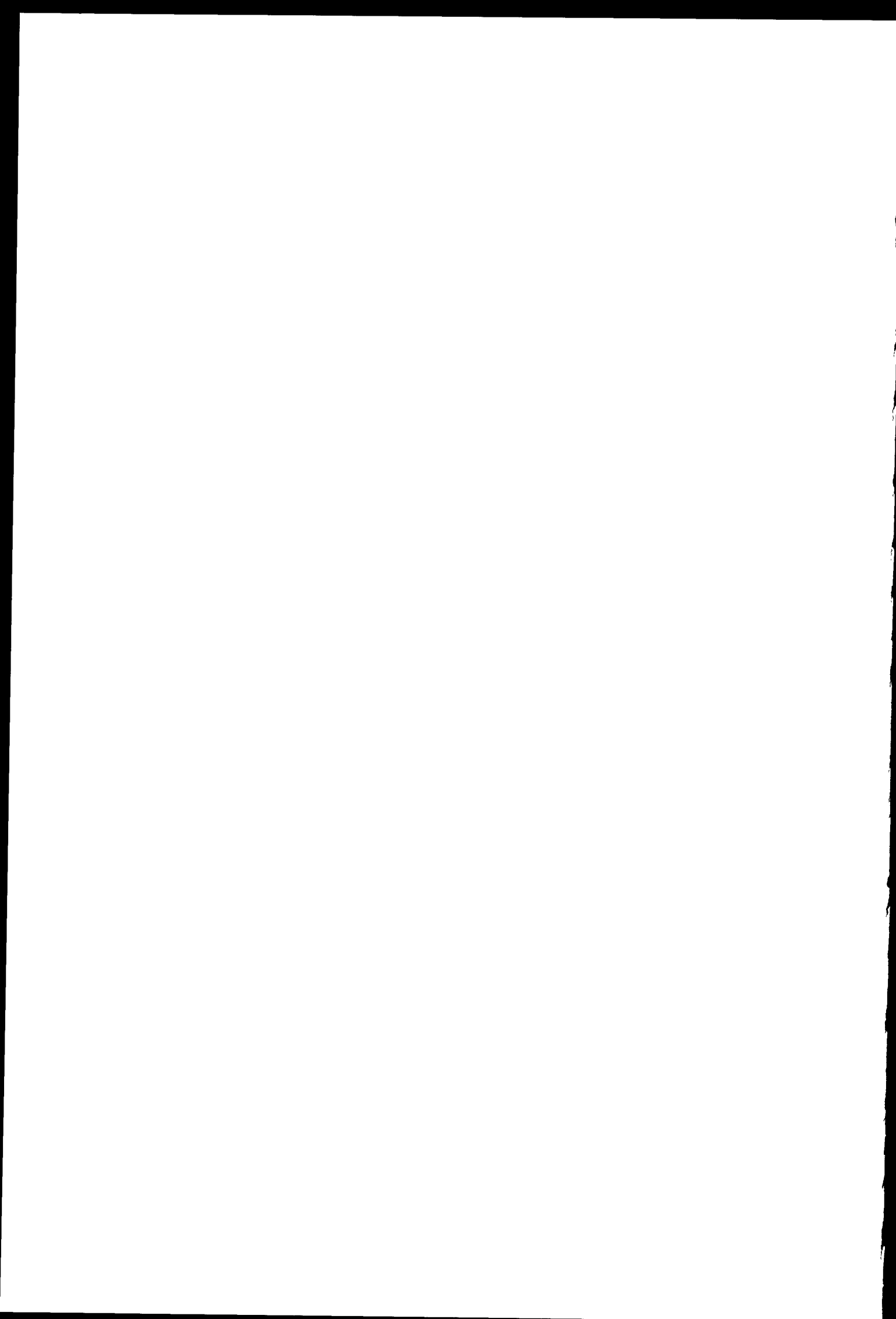
Demand for general equipment goods remained fairly weak, but production expectations became slightly positive again in January.

In mechanical equipment other than electrical, the latest surveys showed some improvement in total and export order-books; stocks declined appreciably, and production expectations showed that optimism was growing steadily in this industry.

In electrical equipment the climate has improved; total orders and export orders have risen slightly and expectations have again improved sharply.

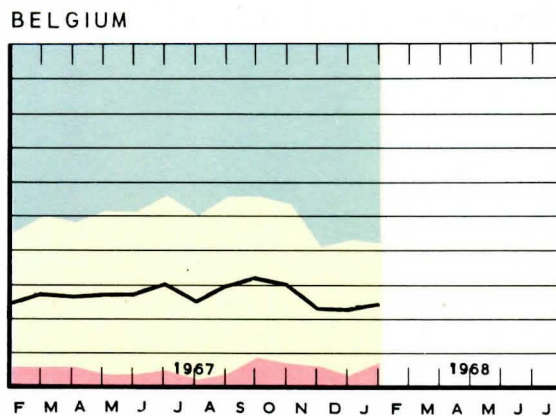
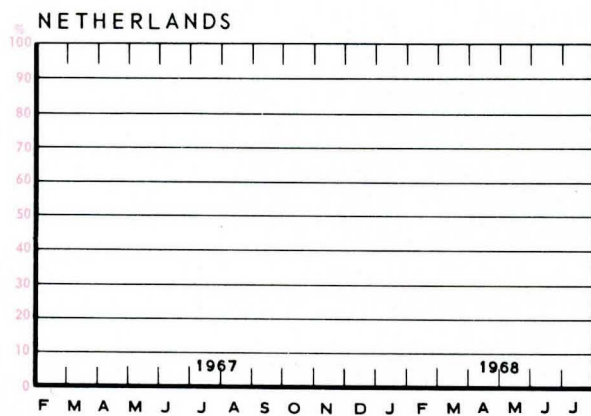
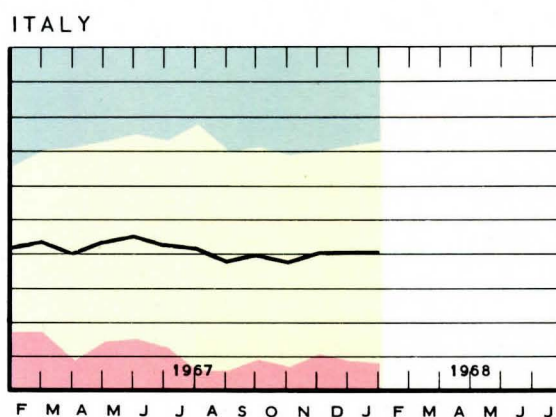
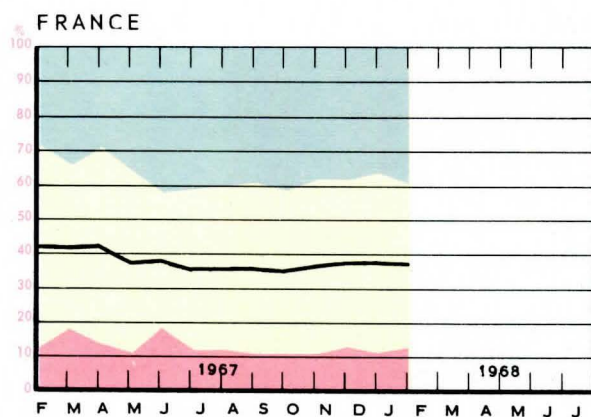
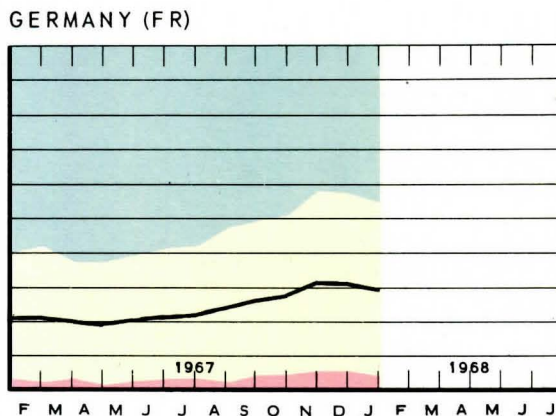
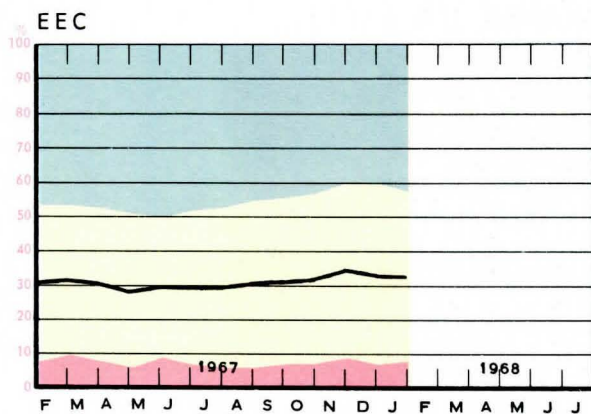
(the figures are percentages of replies received)

Country	Questions 1967 1968	Assessments															Expectations									
		Total order-book					Export order-book					Stocks of finished products					Production					Selling prices				
		S	O	N	D	J	S	O	N	D	J	S	O	N	D	J	S	O	N	D	J	S	O	N	D	J
GERMANY (FR)	+	4	4	5	5	4	9	10	11	10	9	25	21	17	16	15	11	12	13	16	23	2	5	13	10	2
	=	45	47	53	52	51	55	55	55	55	55	71	74	77	76	78	79	78	79	74	72	93	86	73	74	94
	-	51	49	42	43	45	36	35	34	35	36	4	5	6	8	7	10	10	8	10	5	5	9	14	16	4
FRANCE	+	11	11	13	11	13	14	17	21	13	16	25	27	25	28	27	21	16	17	18	22	21	22	19	22	18
	=	48	51	49	53	48	45	51	46	56	49	73	71	71	68	68	64	64	68	70	66	76	71	73	72	77
	-	41	38	38	36	39	41	32	33	31	35	2	2	4	4	5	15	20	15	12	12	3	7	8	6	5
ITALY	+	9	7	11	9	8	8	7	6	12	8	21	19	19	18	20	19	18	29	28	26	11	9	10	10	10
	=	62	62	59	63	65	50	56	53	60	60	74	76	77	78	75	68	67	57	63	67	83	83	84	83	83
	-	29	31	30	28	27	42	37	41	28	32	5	5	4	4	5	13	15	14	9	7	6	8	6	7	7
NETHERLANDS	+																									
	=																									
	-																									
BELGIUM	+	9	7	6	3	7	14	10	10	11	9	28	28	27	29	33	14	17	18	21	15	13	23	13	17	13
	=	47	47	35	40	35	37	43	34	34	31	64	66	65	63	62	63	56	58	58	61	80	69	76	67	70
	-	44	46	59	57	58	49	47	56	55	60	8	6	8	8	5	23	27	24	21	24	7	8	11	16	17
LUXEMBOURG	+																									
	=																									
	-																									
EEC	+	7	7	9	7	8	10	11	12	11	10	25	23	20	20	20	15	14	17	18	22	10	12	15	14	9
	=	49	50	51	53	50	51	53	50	53	52	71	73	75	74	74	72	71	71	71	69	85	80	74	74	85
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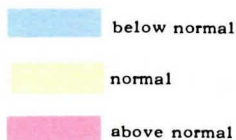
# CAPITAL GOODS

## Order-books



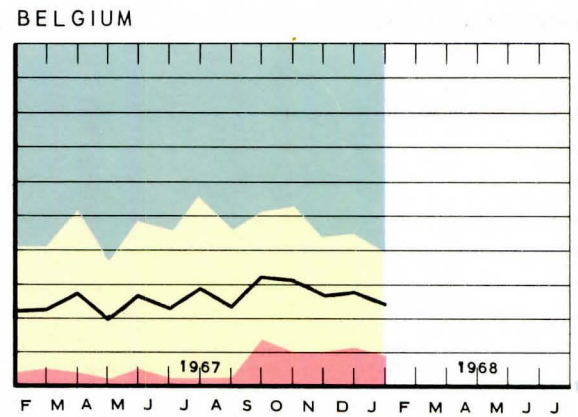
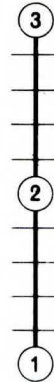
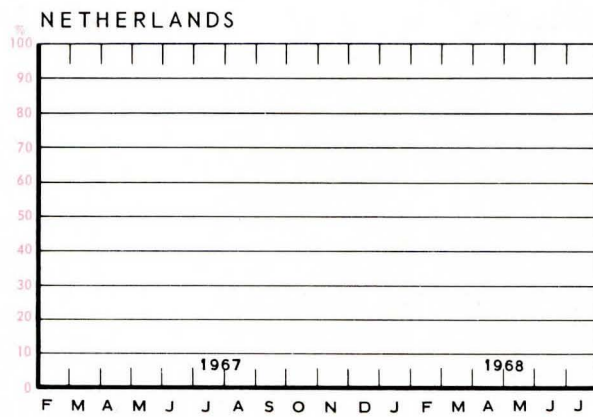
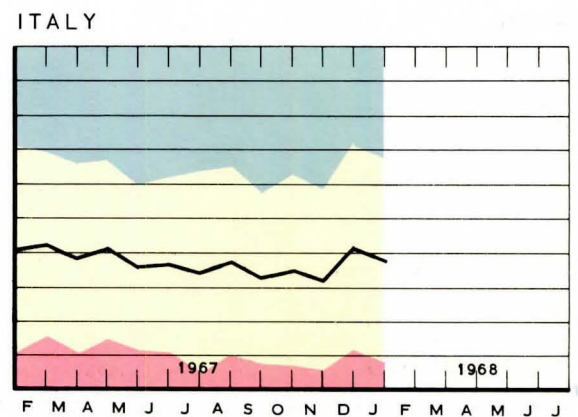
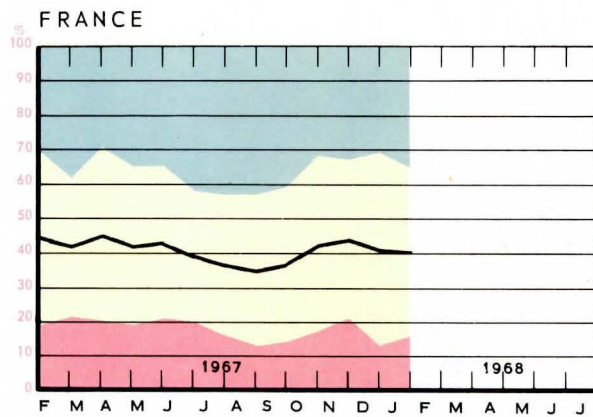
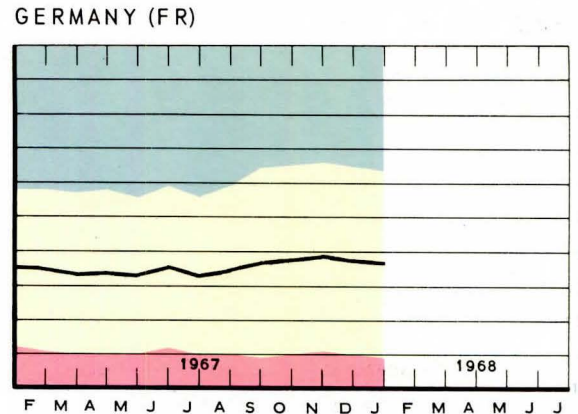
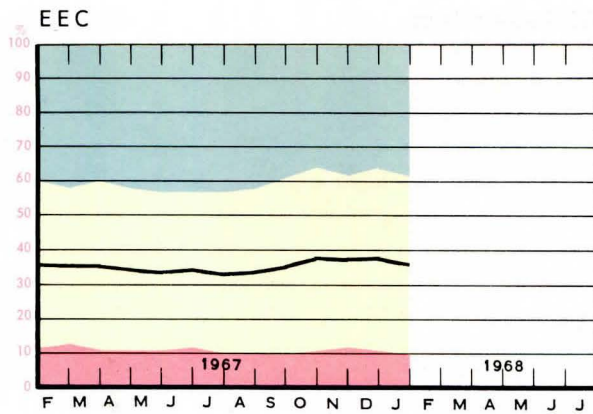
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

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



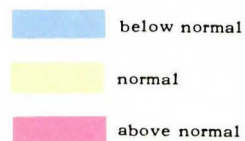
# CAPITAL GOODS

## Export order-books



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:

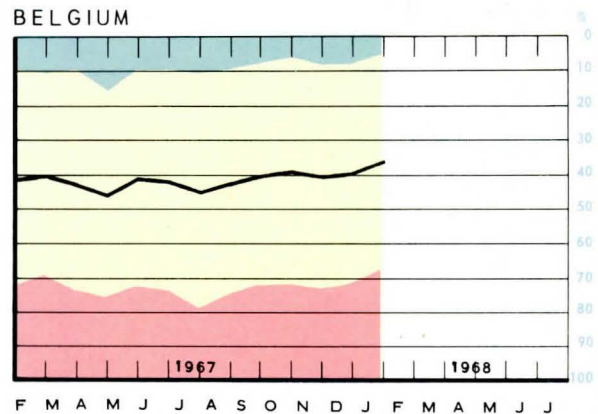
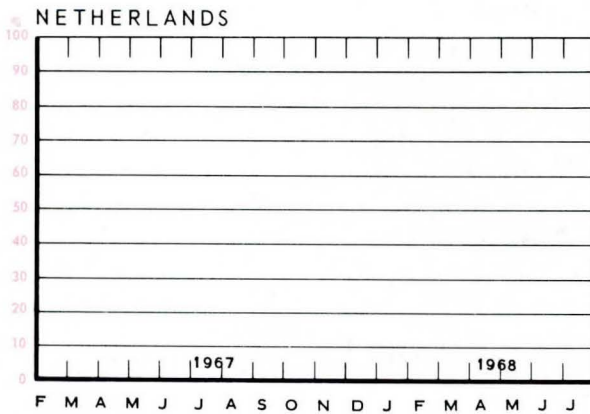
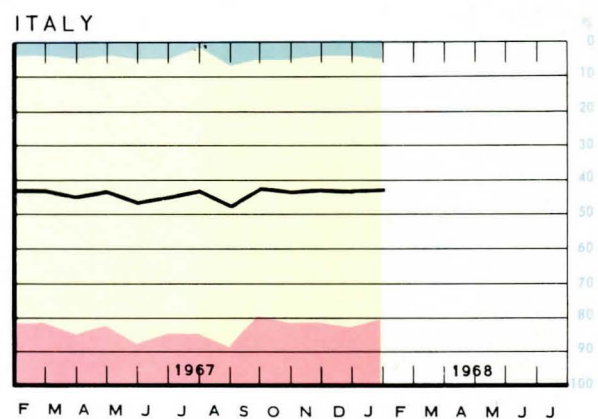
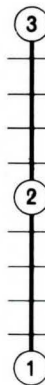
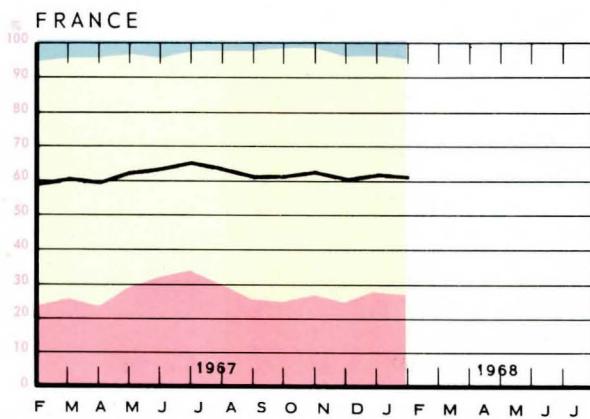
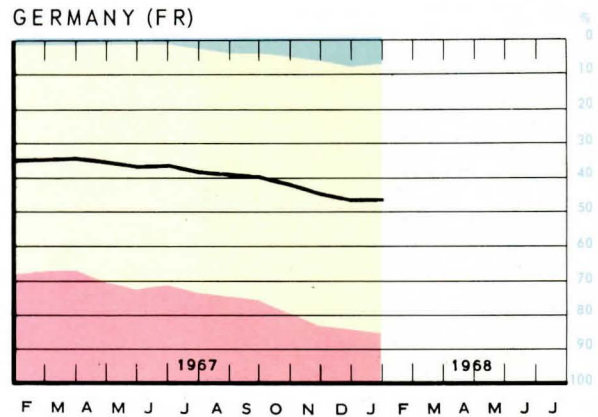
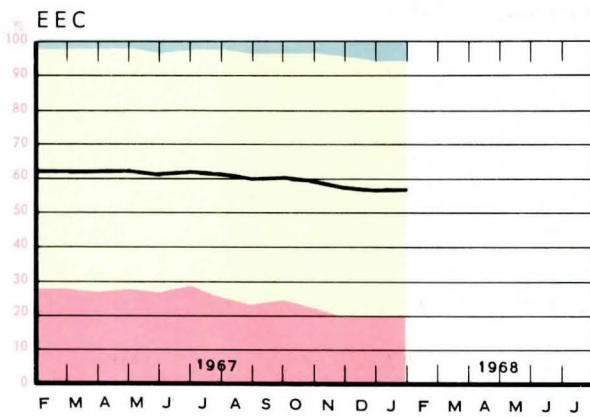
- by 0.03 for the answer "above normal";
- by 0.02 for the answer "normal";
- by 0.01 for the answer "below normal".





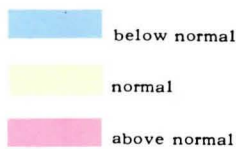
# CAPITAL GOODS

## Stocks of finished products



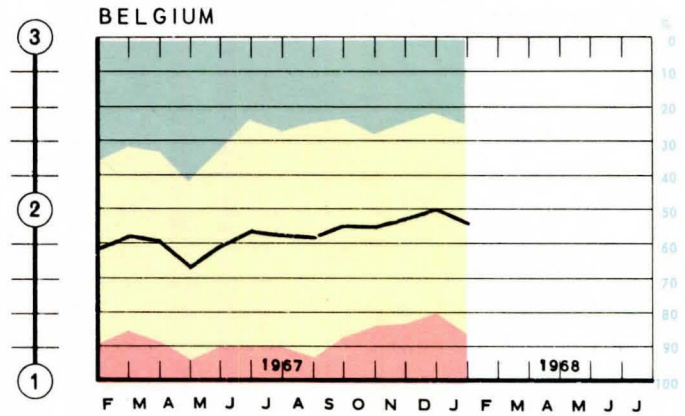
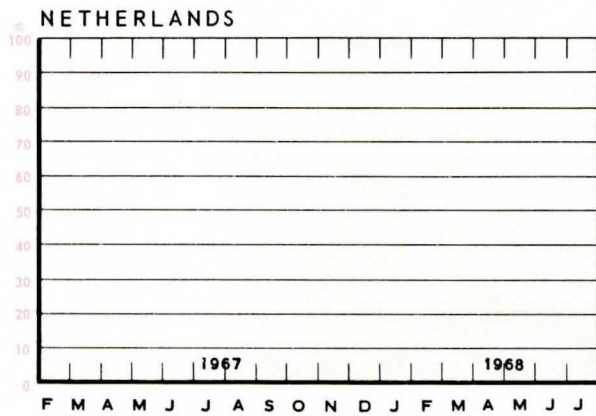
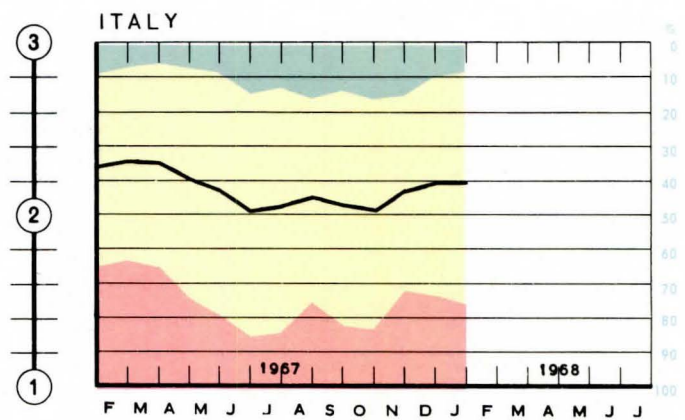
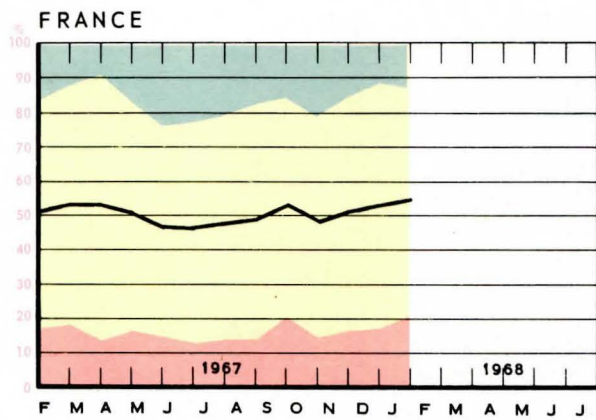
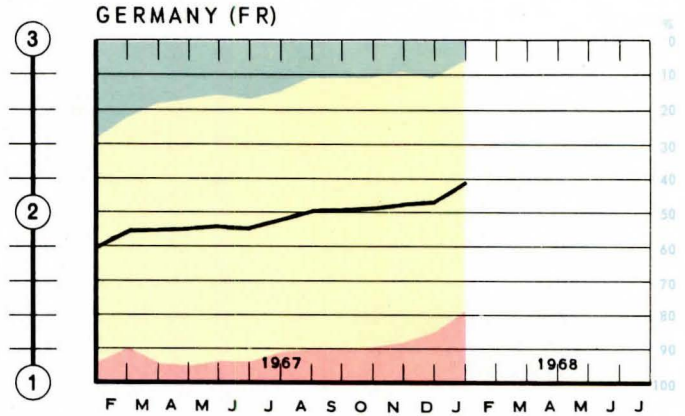
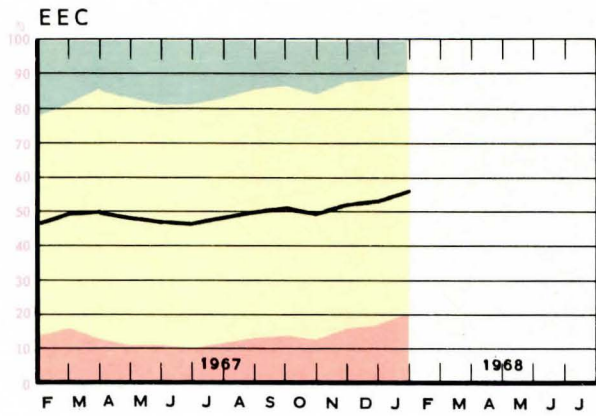
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

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



# CAPITAL GOODS

Trend in production



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

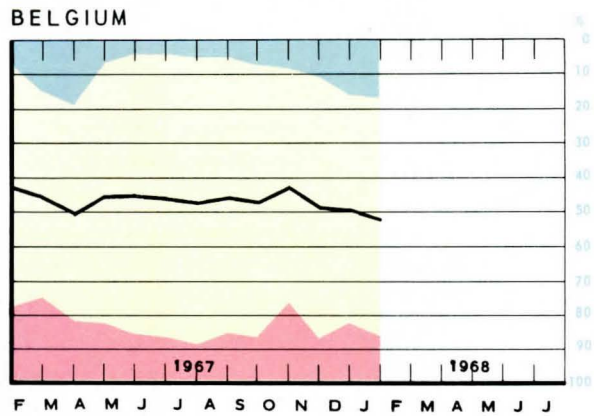
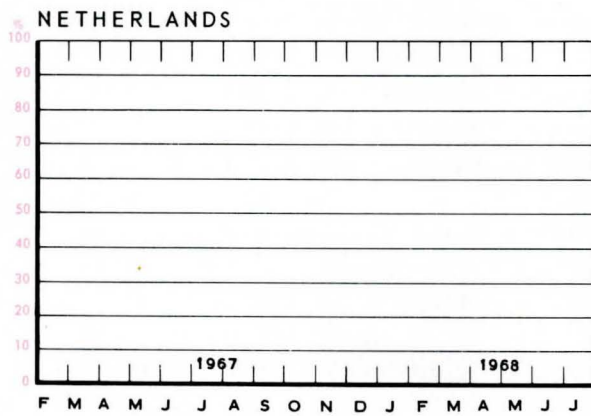
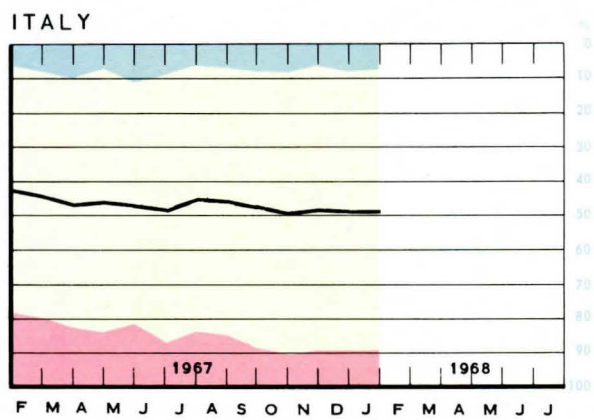
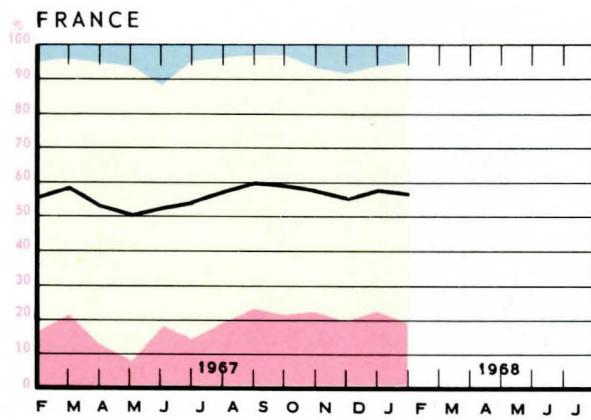
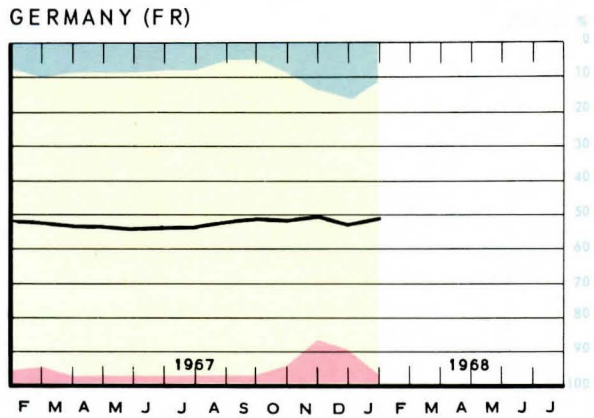
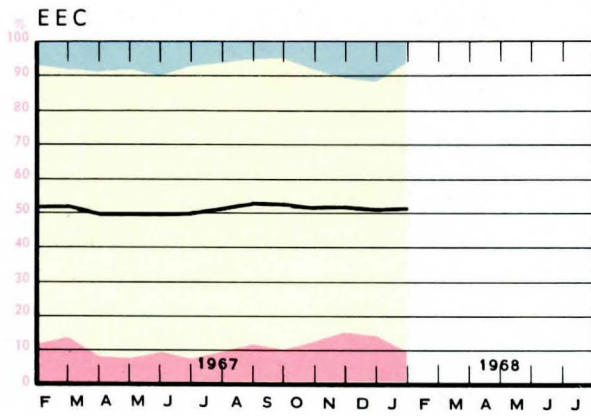
by 0.03 for the answer "up";  
by 0.92 for the answer "no change";  
by 0.01 for the answer "down".





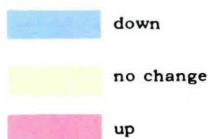
# CAPITAL GOODS

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 0.92 for the answer "no change";  
by 0.01 for the answer "down"



# CAPITAL GOODS

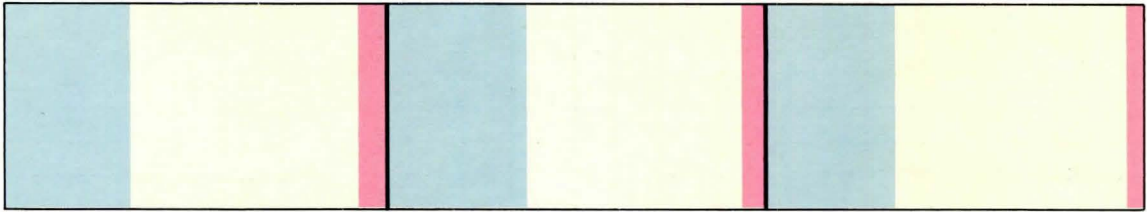
## Assessment of production capacity

(January 1967)

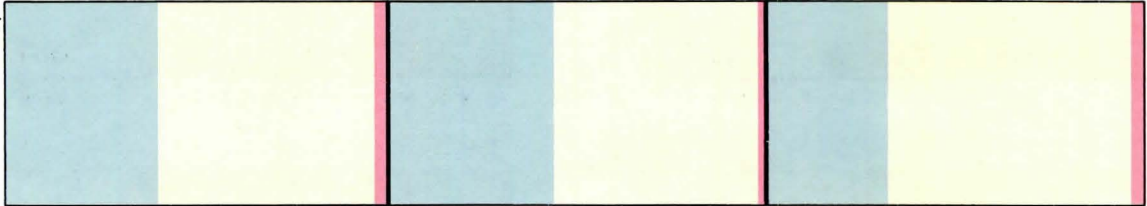
(May 1967)

(October 1967)

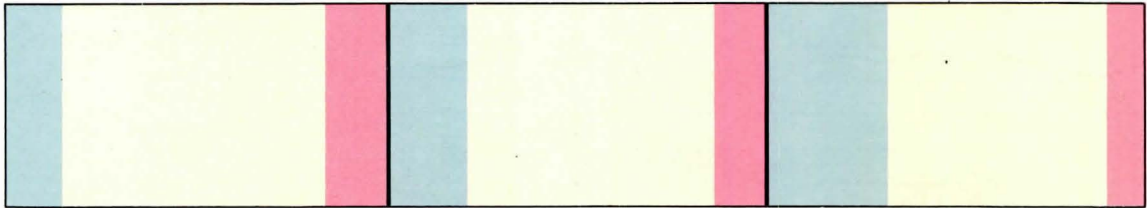
EEC



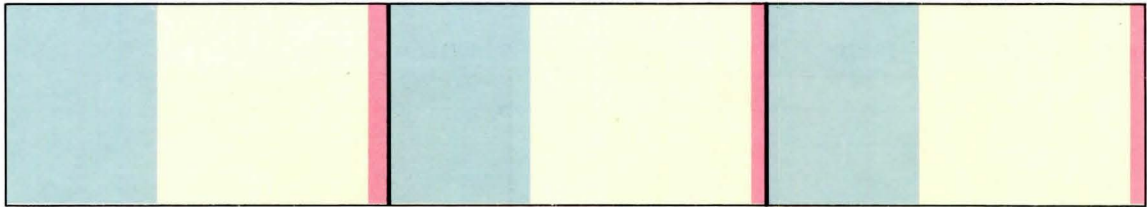
GERMANY (FR)



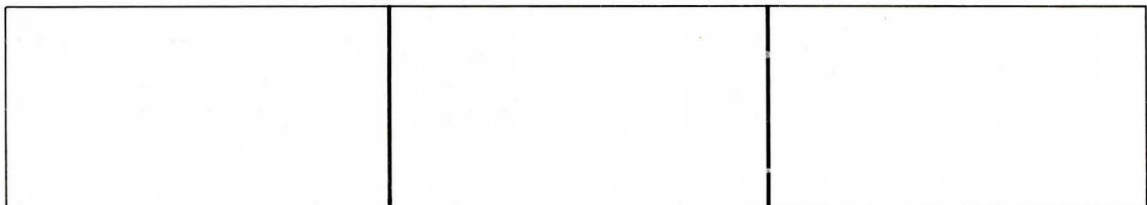
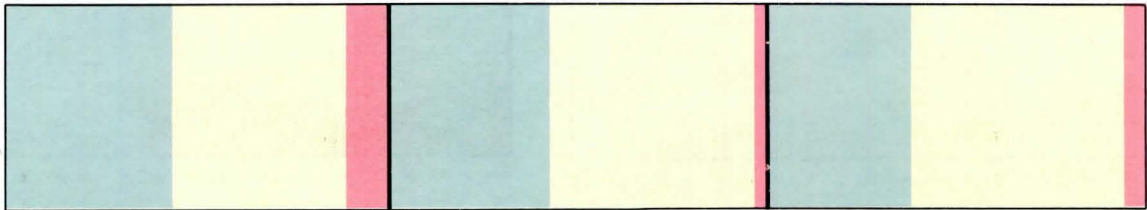
FRANCE



ITALY

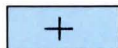


BELGIUM

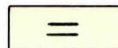


Our present capacity is:

more than adequate



adequate



inadequate



## INTERMEDIATE GOODS

In the Federal Republic of Germany, the surveys show that the improvement in the general economic climate has in recent months made itself felt in the intermediate goods industries too. Reports on the level of orders on hand have improved steadily: at the end of January, 70 % of managements considered them to be normal or above normal, as against 67 % at the end of September. For export orders, these proportions increased from 79 % at the end of September to 83 % at the end of January. The degree of utilization of production capacity has also risen appreciably during the past few months. Lastly, production expectations, which were already fairly optimistic, have again improved appreciably: at the end of January, 32 % of managements expected production to rise in the next few months, as against 17 % at the end of September. The price climate has remained calm.

In France, the replies from managements show that activity in these industries was still fairly sluggish. The proportion of managements which considered their total order-books below normal declined from 46 % at the end of September to 44 % at the end of January. There has been no major change in the trend of demand from abroad. The latest surveys show, however, that in the past few months stocks have no longer tended to build up. Production expectations, while remaining positive, have not risen from their level at the beginning of the autumn, so the pace of activity in these industries is unlikely to show any great change in the near future: at the end of January, 91 % of managements expected their production to be unchanged or to rise in the next few months.

In Italy, the intermediate goods industries have in the last few months continued to benefit from a firm economic trend. Domestic demand, which had slowed down slightly until September, stabilized at the end of the year at a high level, since at the end of January 76 % of managements considered the level of orders on hand normal or above normal. Demand from abroad, which had not shown any change since the beginning of 1967, has picked up appreciably in the past few months. Production expectations, following a slight decline in mid-year, are again decidedly optimistic: at the end of January, 92 % of managements expected the current rate of production to be unchanged or to go up during the next few months, as against 88 % at the end of September.

Price expectations betrayed a slight downward tendency, and there has been little change in stocks of finished products.

In Belgium, the slight signs of improvement noted in the previous report have not yet gained in strength. According to reports received, demand appears to have remained at the same level as before: until January, the proportion of managements which considered their order-books normal or above normal showed no change from the 60 % mark reached in September. The trend of demand from abroad was slightly more favourable since the proportion of managements which considered foreign order-books normal or above normal increased from 56 % at the end of September to 63 % at the end of December. The surveys show that there was little change in stocks of finished products. Production expectations, which were improving distinctly until the autumn, flattened out: at the end of January, 77 % of managements expected their production to be unchanged or to rise, as against 79 % at the end of September. The downward trend of selling prices has lost momentum in recent months.

In the Community as a whole, the situation in the intermediate goods industries was better than in the early months of the year. Assessments of order-books reflected an expansion of demand in most countries, and production expectations suggest that this situation is likely to continue in the next few months.

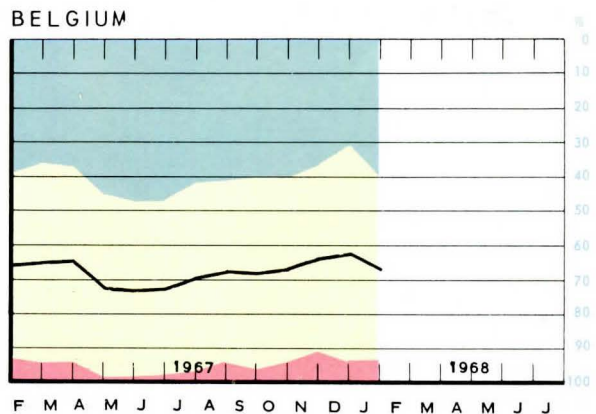
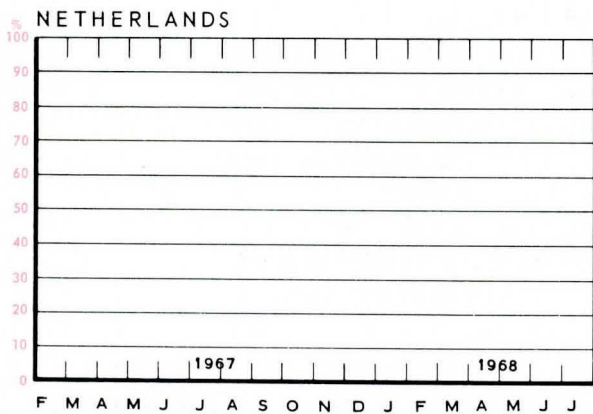
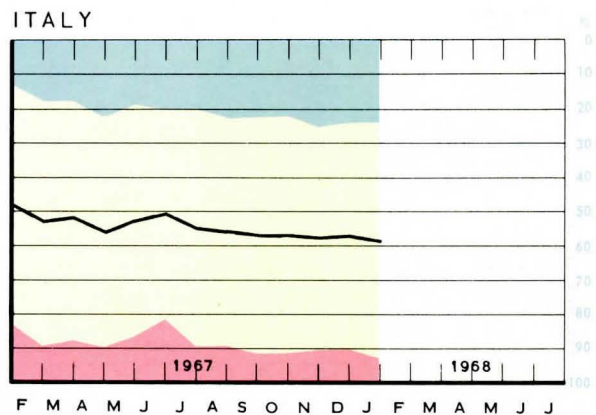
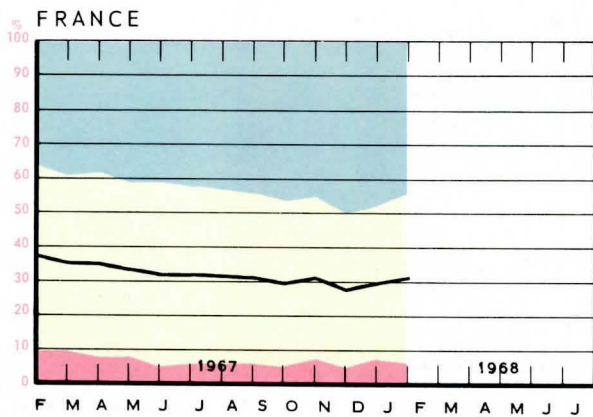
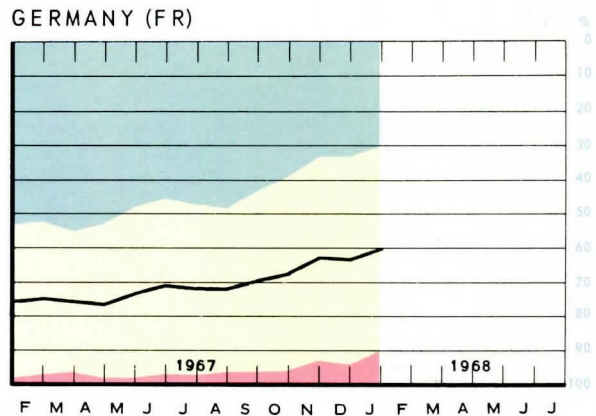
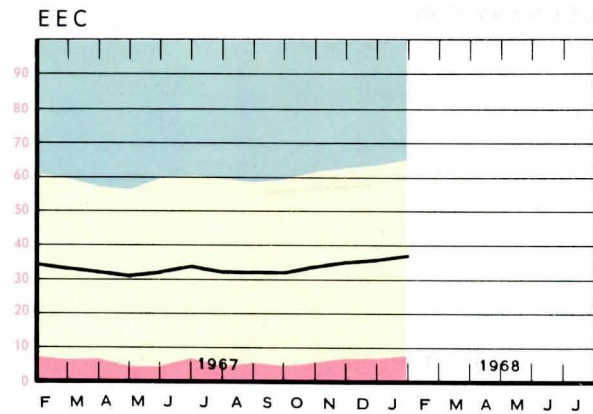
In the iron and steel industry, including primary processing, demand has of late recovered a little from its low level, while expectations were positive again at the end of January. The industries that supply firms manufacturing consumer goods recorded a marked improvement in order-books, which shows a return to a more generally optimistic mood. In the wood and printing industries, demand deteriorated slightly, while production expectations improved a little. In the chemical industry, order-books showed little change but production expectations remained excellent. In the non-ferrous metal industries, demand remained weak while stocks declined. In the rubber industry, the flow of orders improved further; stocks of finished products were replenished and selling prices showed a slight upward tendency.

(the figures are percentages of replies received)

Country	Questions 1967 1968	Assessments									Expectations															
		Total order-book					Export order-book				Stocks of finished products				Production				Selling prices							
		S	O	N	D	J	S	O	N	D	J	S	O	N	D	J	S	O	N	D	J	S	O	N	D	J
GERMANY (FR)	+	4	4	7	6	10	12	12	14	17	20	17	14	13	13	11	17	17	19	19	32	7	8	12	16	9
	=	53	57	60	61	60	69	70	69	65	63	80	84	85	83	86	77	75	74	76	66	82	74	65	64	77
	-	43	39	33	33	30	19	18	17	18	17	3	2	2	4	3	6	8	7	5	2	11	18	23	20	14
FRANCE	+	5	7	5	7	6	10	11	7	5	6	26	30	26	30	23	25	21	20	15	18	16	18	15	10	8
	=	49	48	45	45	50	47	48	51	55	58	67	65	71	66	74	64	67	67	74	73	72	71	71	80	83
	-	46	45	50	48	44	43	41	42	40	36	7	5	3	4	3	11	12	13	11	9	12	11	14	10	9
ITALY	+	9	9	10	10	7	11	13	10	14	19	22	22	23	20	18	17	17	16	18	18	14	12	10	10	7
	=	69	69	65	66	69	51	42	53	51	46	76	75	74	77	77	71	71	75	75	74	72	73	77	74	75
	-	22	22	25	24	24	38	45	37	35	35	2	3	3	3	5	12	12	9	7	8	14	15	13	16	18
NETHERLANDS	+																									
	=																									
	-																									
BELGIUM	+	4	6	9	6	6	3	4	5	6	8	20	17	15	16	18	16	13	13	13	14	7	9	13	22	12
	=	56	54	54	63	54	53	53	56	65	55	73	74	75	78	74	63	65	69	69	63	68	63	71	70	74
	-	40	40	37	31	40	44	43	39	29	37	7	9	10	6	8	21	22	18	18	23	25	28	16	8	14
LUXEMBOURG	+																									
	=																									
	-																									
EEC	+	5	6	7	7	8	10	10	10	11	14	21	21	19	20	16	19	18	18	17	24	12	12	12	14	9
	=	55	56	56	57	58	58	58	60	60	58	75	75	78	76	80	71	71	72	75	69	75	72	70	71	78
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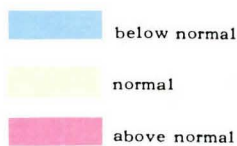
# INTERMEDIATE GOODS

## 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:

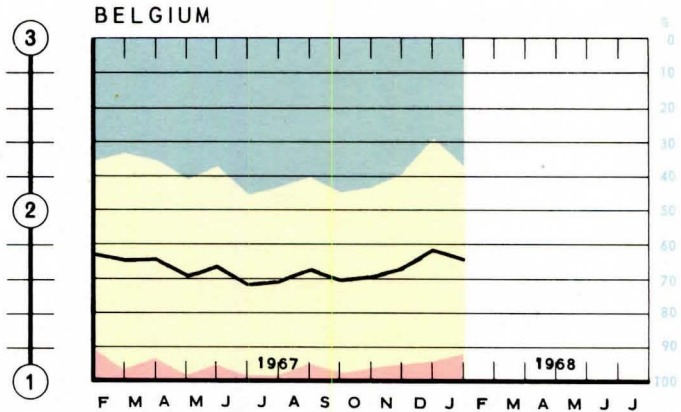
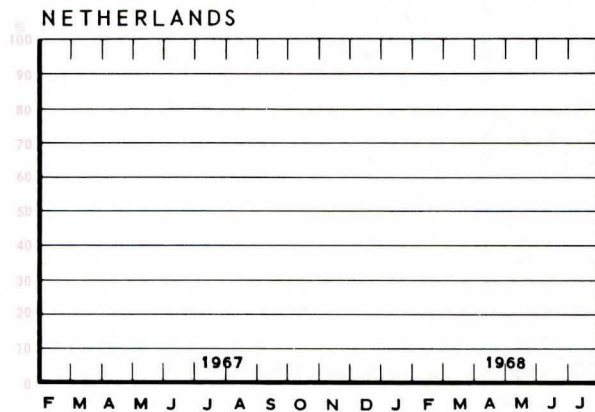
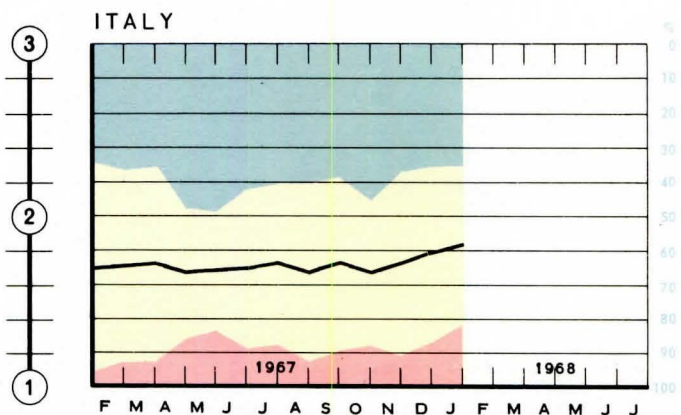
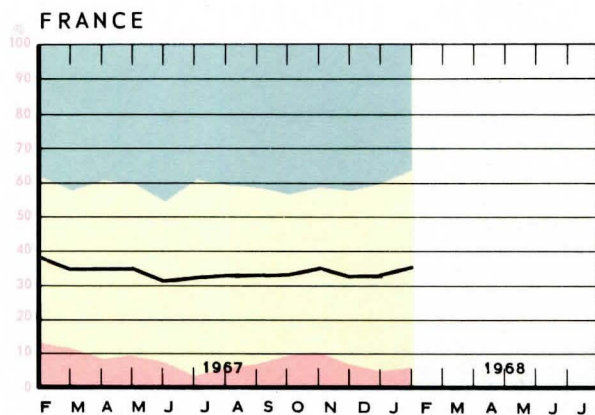
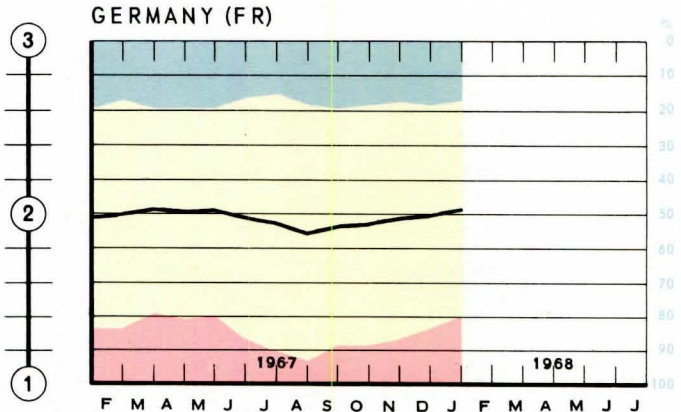
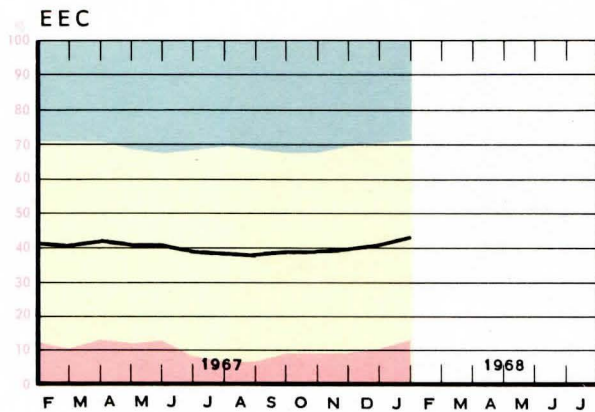
- by 0.03 for the answer "above normal";
- by 0.02 for the answer "normal";
- by 0.01 for the answer "below normal".





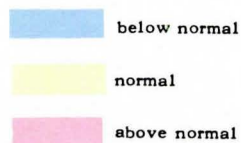
# INTERMEDIATE GOODS

## Export order-books



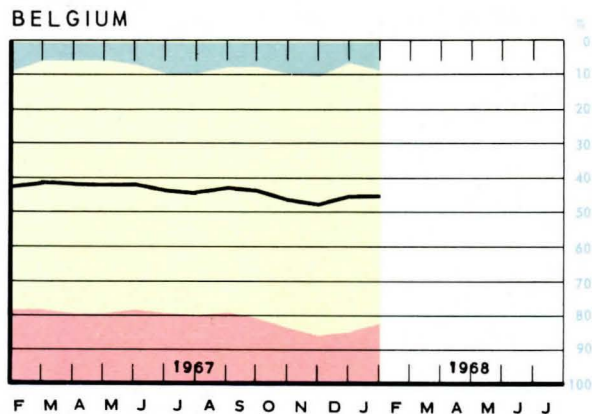
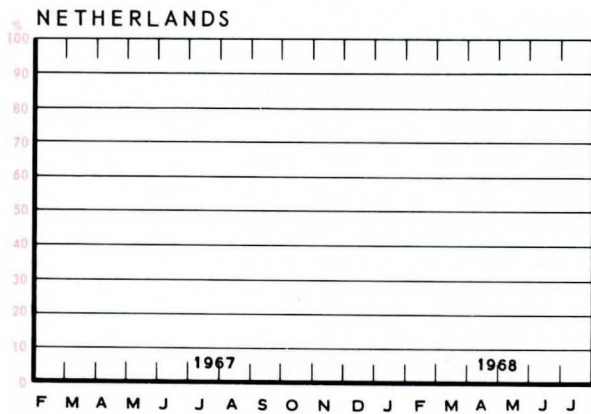
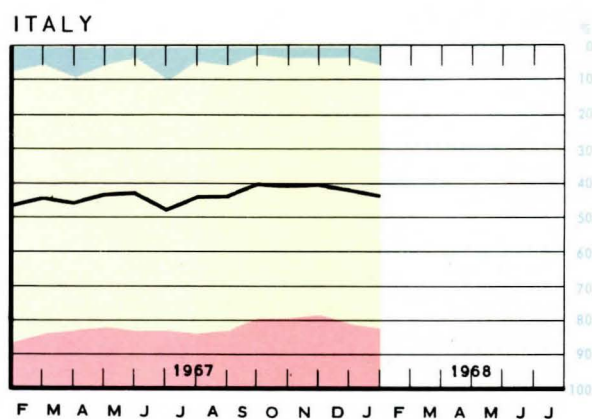
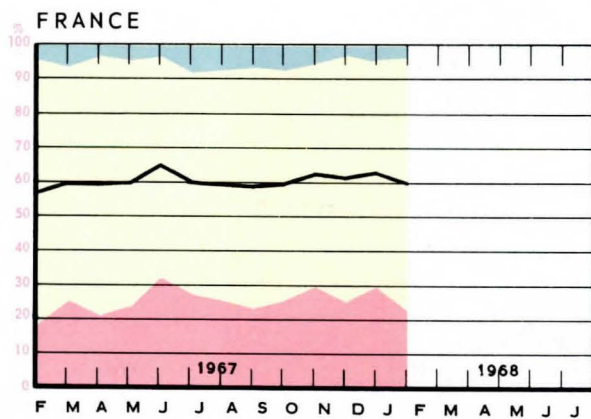
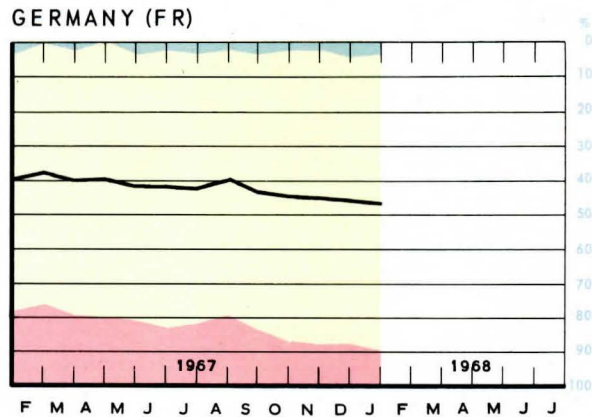
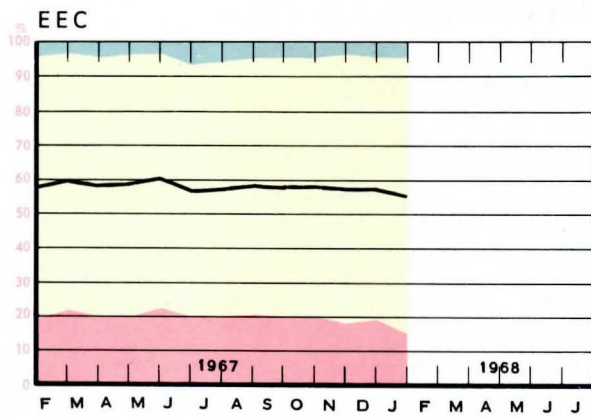
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

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



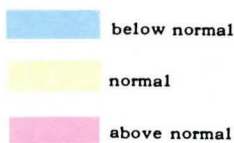
# INTERMEDIATE GOODS

## Stocks of finished products



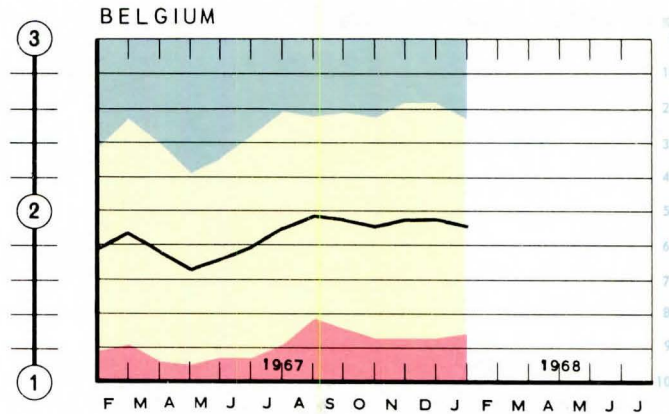
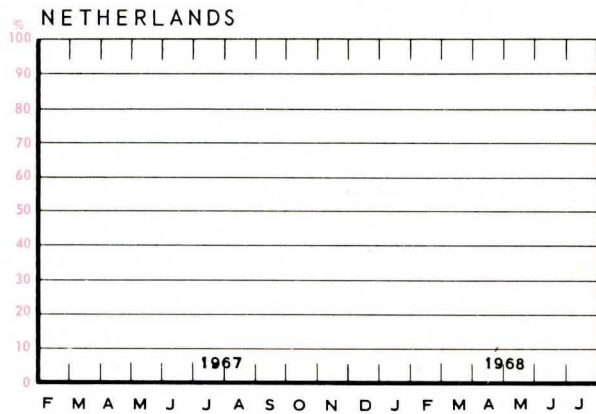
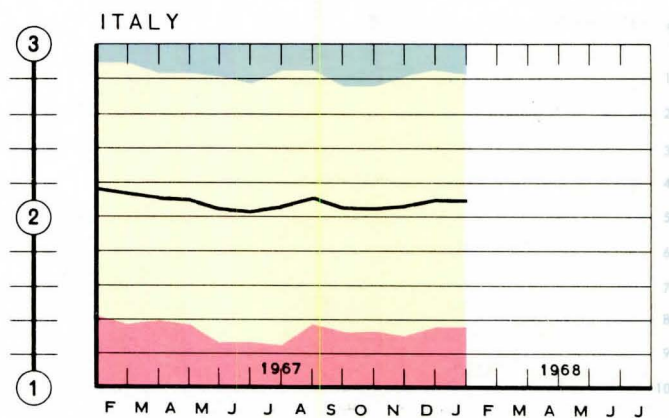
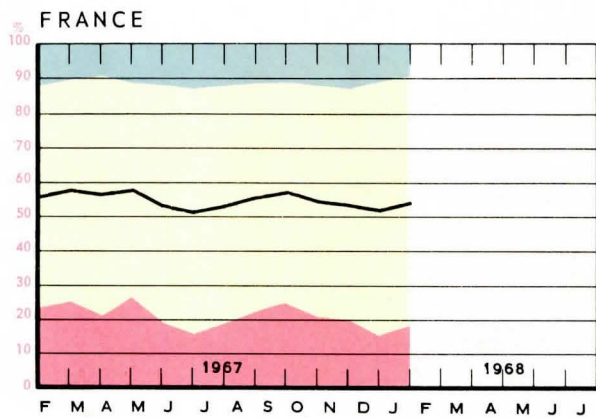
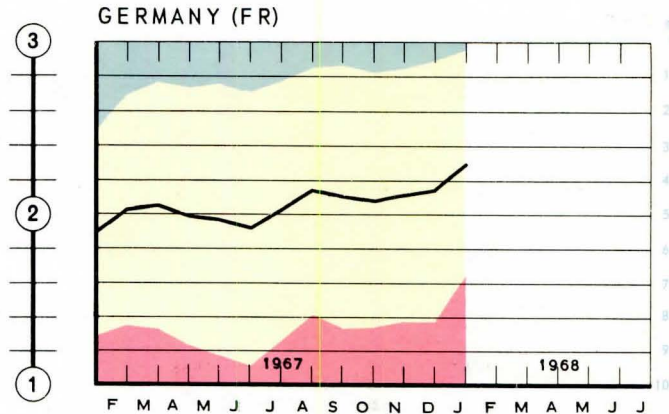
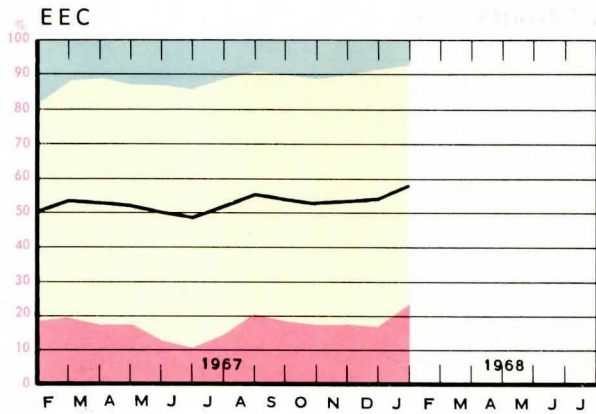
The three colours (red, grey and blue) show the percentages of the three different answers. The black curves, the scale for which is given between the graphs, show the figures obtained by adding together the percentages weighted as follows:

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



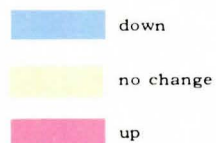
# INTERMEDIATE GOODS

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:

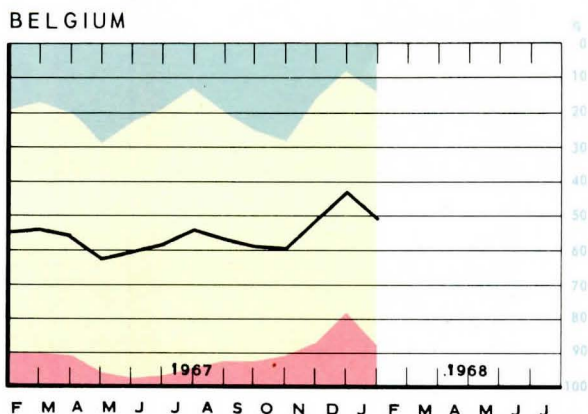
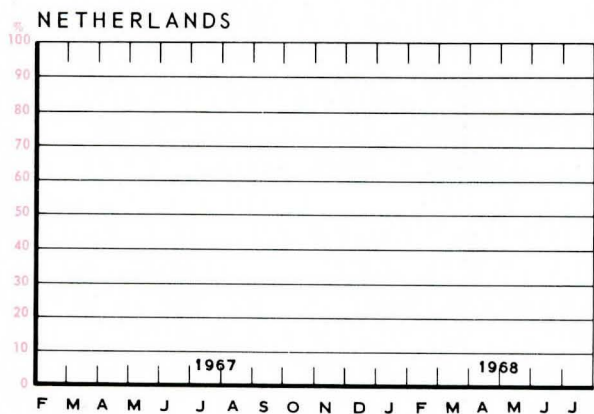
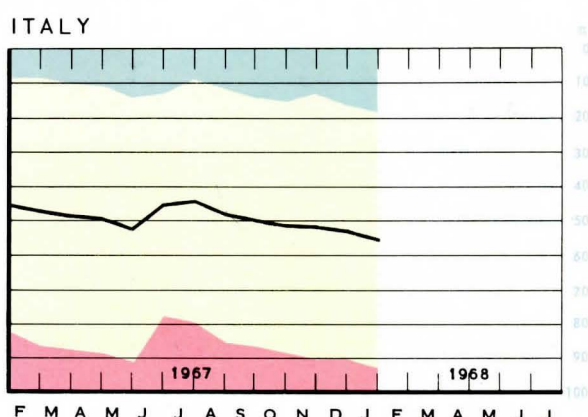
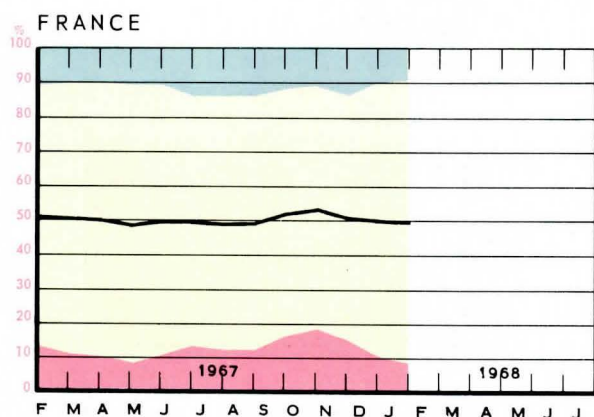
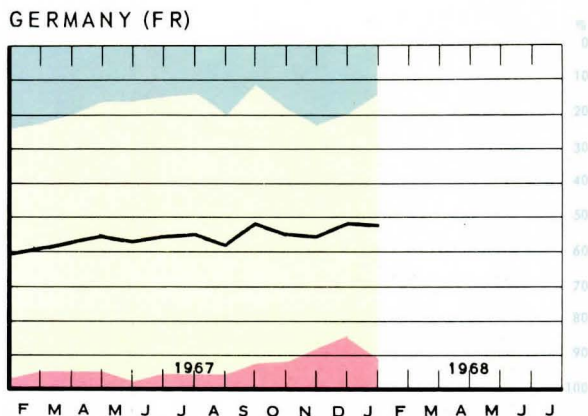
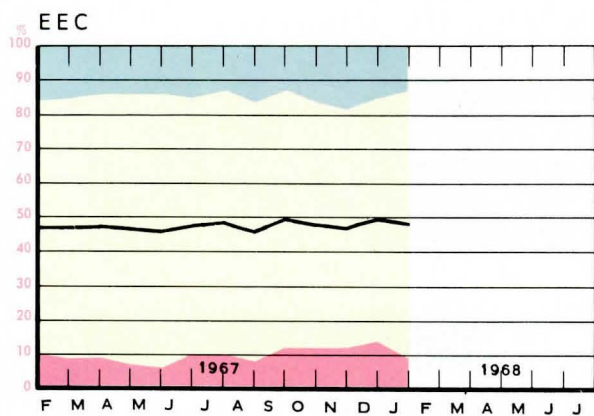
by 0.03 for the answer "up";  
by 0.92 for the answer "no change";  
by 0.01 for the answer "down".





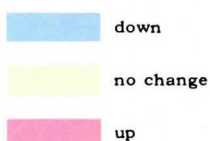
# INTERMEDIATE GOODS

## 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 0.92 for the answer "no change";  
by 0.01 for the answer "down".



# INTERMEDIATE GOODS

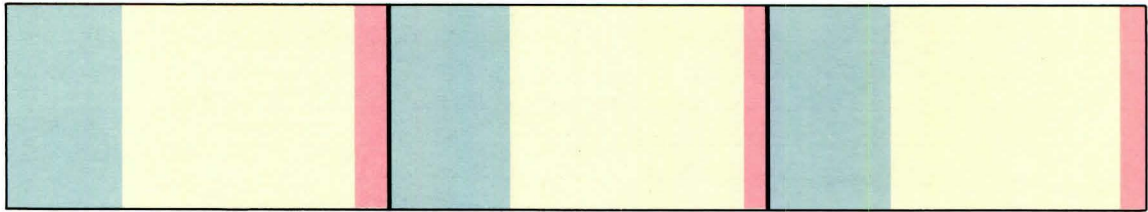
## Assessment of production capacity

(January 1967)

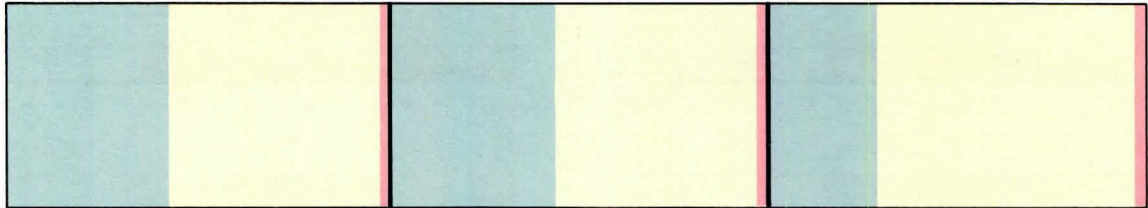
(May 1967)

(October 1967)

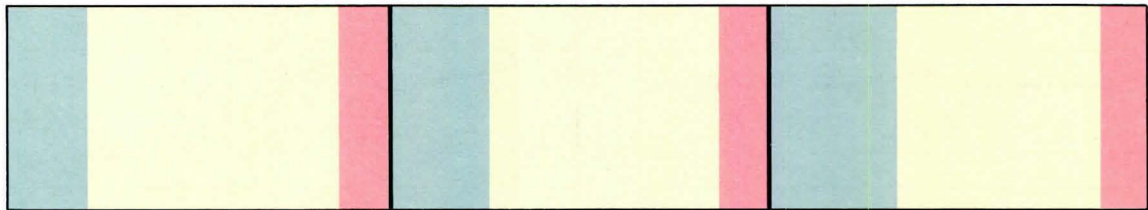
EEC



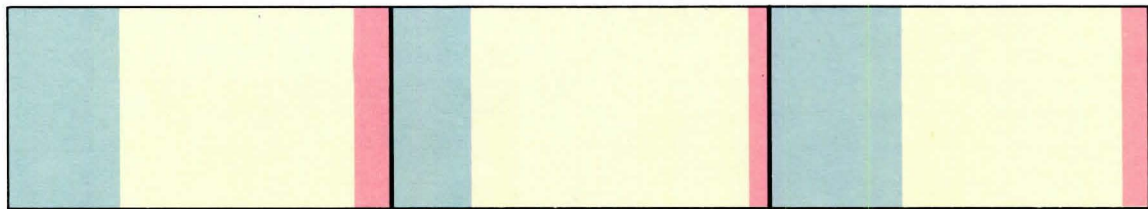
GERMANY (FR)



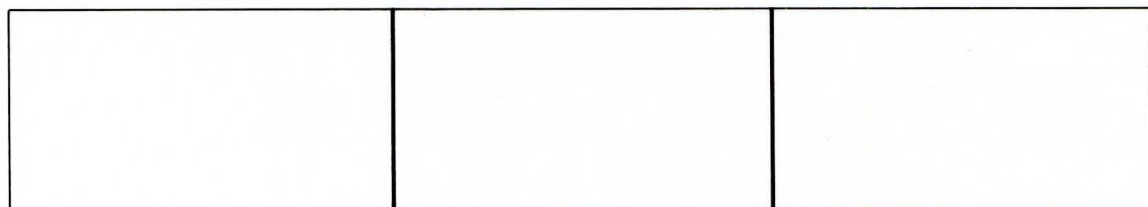
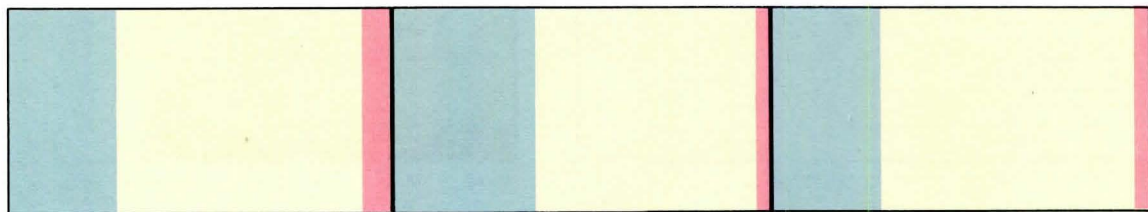
FRANCE



ITALY

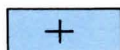


BELGIUM

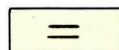


Our present capacity is:

more than  
adequate



adequate



inadequate



# RESULTS BY BRANCH OF INDUSTRY AT COMMUNITY LEVEL

*(the figures are percentages of replies received)*

Sector	Questions	1967 1968	Assessments															Expectations									
			Total order-book					export order-book					Stocks of finished products					Production					Selling prices				
			S	U	N	D	J	S	O	N	D	J	S	O	N	D	J	S	O	N	D	J	S	O	N	D	J
			+	=	-	+	=	-	+	=	-	+	=	-	+	=	-	+	=	-	+	=	-	+	=	-	
1. Textiles			3	4	5	9	9	2	5	4	4	4	45	43	37	35	38	12	10	10	10	11	19	21	23	27	21
			38	42	45	47	42	36	35	37	39	38	53	54	60	62	59	73	76	75	76	73	68	65	66	62	69
			59	54	50	44	49	62	60	59	57	58	2	3	3	3	3	15	14	15	14	16	13	14	11	11	10
2. Garments and knitted and crocheted goods			6	4	4	4	7	2	5	4	4	5	31	32	35	33	28	18	9	13	13	14	12	15	15	16	15
			46	46	48	52	50	55	45	46	48	45	65	64	62	64	67	65	70	66	75	74	83	77	77	76	82
			48	50	48	44	43	43	50	50	48	50	4	4	3	3	5	17	21	21	12	12	5	8	8	8	3
3. Leather and footwear			8	10	10	9	8	14	17	13	16	10	25	21	22	23	22	20	19	18	15	19	16	17	20	16	12
			42	51	56	57	58	49	46	53	52	56	70	69	71	68	74	58	67	72	76	70	79	74	72	74	82
			50	39	34	34	34	37	37	34	32	34	5	10	7	9	4	22	14	10	9	11	5	9	8	10	6
4. Wood and cork			4	7	6	4	5	4	5	5	4	8	36	37	34	36	38	11	8	14	10	20	9	10	11	12	10
			52	46	51	51	48	53	56	52	48	44	57	58	61	60	57	74	77	68	72	66	79	72	69	73	80
			44	47	43	45	47	43	39	43	48	48	7	5	5	4	5	15	15	18	18	14	12	18	20	15	10
5. Furniture			9	10	12	10	6	5	6	12	13	14	26	23	17	15	20	24	11	17	20	26	12	16	14	15	9
			53	50	46	56	51	58	60	51	56	53	72	70	78	77	76	68	76	65	72	63	86	78	75	76	86
			38	40	42	34	43	37	34	37	31	33	2	7	5	8	4	8	13	18	8	11	2	6	11	9	5
6. Paper			4	3	3	6	8	2	2	3	2	2	25	26	26	26	25	23	16	15	13	13	12	9	6	8	3
			51	48	50	47	50	49	56	61	64	58	70	70	71	69	65	66	71	71	77	76	79	79	73	70	86
			45	49	47	47	42	49	42	36	34	40	5	4	3	5	10	11	13	14	10	11	9	12	21	22	11
7. Printing			4	5	6	12	6	4	5	4	2	2	6	6	6	6	6	18	20	14	12	14	20	22	23	17	18
			66	61	66	60	57	82	84	80	82	81	91	94	92	92	93	72	68	76	74	78	77	75	67	73	80
			30	34	28	28	37	14	11	16	16	17	3	0	2	2	1	10	12	10	14	8	3	3	10	10	2
8. Processing of plastics			6	11	12	10	11	2	6	5	8	6	20	16	13	16	15	25	26	23	28	40	2	4	6	3	3
			58	60	60	59	58	56	46	59	57	57	74	76	81	78	80	65	62	65	65	56	70	70	65	67	73
			36	29	28	31	31	42	48	36	35	37	6	8	6	6	5	10	12	12	7	4	28	26	29	30	24
9. Chemicals			9	10	14	11	11	21	21	23	28	35	11	14	15	19	13	36	40	37	30	53	7	9	8	7	1
			74	77	70	65	73	70	70	69	60	57	87	83	82	78	85	57	53	61	68	44	69	65	53	62	67
			17	13	16	24	16	9	9	8	12	8	2	3	3	3	2	7	7	2	2	3	24	26	39	31	32
10. Petroleum			6	7	4	11	12	29	27	9	8	19	31	16	22	6	2	34	20	45	32	36	21	21	21	9	0
			83	80	85	80	84	59	57	88	87	77	69	83	78	88	89	65	78	54	67	63	74	71	76	76	75
			11	13	11	9	4	12	16	3	5	4	0	1	0	6	9	1	2	1	1	1	5	8	3	15	25
11. Building materials, pottery, glassware			6	6	6	3	4	16	18	15	15	14	32	27	27	30	37	9	7	7	11	27	10	12	12	12	9
			53	55	56	57	53	53	52	53	53	51	63	68	66	65	58	75	71	74	73	65	84	75	76	73	84
			41	39	38	40	43	31	30	32	32	35	5	5	7	5	5	16	22	19	16	8	6	13	12	15	7
12 + 13. Iron and steel — Primary processing of iron and steel			5	6	4	4	7	3	5	6	4	9	7	12	6	13	7	10	7	8	9	12	10	6	5	12	10
			48	50	50	48	53	60	58	60	62	63	88	88	93	86	92	82	82	81	82	83	80	76	81	80	83
			47	44	46	48	40	37	37	34	34	28	5	0	1	1	1	8	11	11	9	5	10	18	14	8	7
14. Metal consumer articles			11	9	5	3	3	8	6	6	6	4	21	18	25	24	25	16	11	15	26	27	17	18	17	16	11
			58	62	53	48	46	41	54	57	55	53	74	75	64	70	72	73	77	60	61	66	77	78	77	81	86
			31	29	42	49	51	51	40	37	39	43	5	7	11	6	3	11	12	25	13	7	6	4	6	3	3
15. General equipment			5	6	7	5	5	6	8	10	5	8	22	19	17	17	12	15	15	11	10	13	8	10	14	13	10
			50	50	49	50	50	48	50	49	52	50	74	77	80	77	82	71	70	70	76	75	86	81	73	70	75
			45	44	44	45	45	46	42	41	43	42	4	4	3	6	6	14	15	19	14	12	6	9	13	17	15

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

*(the figures are percentages of replies received)*

Sector	Questions 1967 1968	Assessments															Expectations									
		Total order-book					Export order-book					Stocks of finished products					Production					Selling prices				
		S	O	N	D	J	S	O	N	D	J	S	O	N	D	J	S	O	N	D	J	S	O	N	D	J
16. Mechanical equipment (other than electrical)	+	5	5	7	8	8	13	14	14	15	14	67	23	20	19	18	17	18	18	20	23	11	10	17	14	6
	=	47	49	53	50	47	50	52	51	51	50	70	73	73	73	75	75	70	73	71	69	87	83	72	75	91
	-	48	46	40	42	45	37	34	35	34	36	3	4	7	8	7	8	12	9	9	8	2	7	11	11	3
17. Domestic electric appliances, radio, television	+	9	5	7	4	8	9	6	7	5	10	23	23	19	14	20	21	12	25	29	24	3	3	5	8	3
	=	56	64	70	69	61	49	56	58	57	55	69	67	71	64	65	72	77	66	62	68	75	84	80	75	81
	-	35	31	23	27	31	42	38	35	38	35	8	10	10	22	15	7	11	9	9	8	22	13	15	17	16
18. Electrical equipment	+	13	12	12	12	14	10	9	7	10	6	22	25	21	18	18	18	17	24	25	23	7	12	14	14	8
	=	53	52	54	58	56	60	61	61	62	63	76	72	75	77	78	74	76	70	70	73	86	78	75	73	86
	-	34	36	34	30	30	30	30	32	28	31	2	3	4	5	4	8	7	6	5	4	7	10	11	13	6
19. Motor vehicle industry	+	5	5	7	3	4	4	8	11	7	9	21	20	20	19	11	14	14	24	41	39	3	9	10	11	1
	=	58	65	59	63	73	73	78	68	73	68	58	67	71	57	75	78	78	70	57	60	95	87	78	82	98
	-	37	30	34	34	23	23	14	21	20	23	21	13	9	24	14	8	8	6	2	1	2	4	12	7	1
20. Shipbuilding, aircraft manufacturing, railway and tramway rolling stock	+	6	8	8	6	7	0	7	3	10	0	13	16	14	15	23	10	12	25	12	6	19	35	19	30	24
	=	48	47	47	52	42	35	31	29	29	32	87	84	86	85	77	63	60	62	66	72	76	58	73	69	75
	-	46	45	45	42	51	65	62	68	61	68	0	0	0	0	0	27	28	13	22	22	5	7	8	1	1
21. Precision and optical instruments, watches and clocks	+	11	7	7	6	6	13	8	8	5	7	25	22	24	24	26	13	12	6	12	16	14	16	26	33	12
	=	46	51	51	54	52	45	52	51	61	52	69	71	70	67	66	73	78	77	72	68	84	79	66	60	84
	-	43	42	42	40	42	42	40	41	34	41	6	7	6	9	8	14	10	17	16	16	2	5	8	7	4
B. Rubber	+	0	0	2	0	5	4	12	7	13	15	11	10	16	22	21	35	36	17	17	13	7	9	21	30	10
	=	78	85	77	81	77	90	80	86	79	76	62	58	82	74	79	63	62	81	82	85	91	81	71	69	82
	-	22	15	21	19	18	6	8	7	8	9	27	32	2	4	0	2	2	2	1	2	2	10	8	1	8
C. Non-ferrous metals industry	+	3	0	2	1	2	5	5	4	0	6	23	23	19	14	14	14	17	17	16	21	6	11	12	10	12
	=	27	36	37	49	47	38	51	46	61	42	72	72	76	80	78	73	72	77	80	74	78	74	69	80	80
	-	70	64	61	50	51	57	44	50	39	52	5	5	5	6	8	13	11	6	4	5	16	15	19	10	8
Total of industry	+	6	6	7	7	7	9	10	10	10	12	23	22	21	21	19	18	16	18	19	23	11	12	14	15	9
	=	54	56	55	55	56	57	58	57	58	55	72	73	75	72	76	71	72	71	72	69	80	76	71	72	82
	-	40	38	38	38	37	34	32	33	32	33	5	5	4	7	5	11	12	11	9	8	9	12	15	13	9

INDUSTRIAL INVESTMENT SURVEY





# INTRODUCTION <sup>1</sup>

As part of the work being carried out to improve the instruments for analysing economic trends, a harmonized questionnaire on current and projected investment operations has been sent to managements in the European Economic Community since the beginning of 1964. As with the general Business Survey, and for similar reasons, Dutch firms do not yet feel able to take part.

The questionnaire, which is sent out twice a year, seeks to discover variations in investment outlay. In February-March it covers the outlay for the past year and the forecasts for the current year; in October-November it calls for an estimate for the current year and a forecast for the following year. Thus, for any given year, the first forecast is made in reply to the October-November questionnaire of the preceding year, and the second in the February-March survey of the current year; an estimate of actual investment is obtained from the answers to the October-November questionnaire and firm figures from replies to the February-March questionnaire of the following year.

The sectors covered by the survey are:

- I. Basic products industries
- II. Metallurgical industries
- III. Mechanical and electrical engineering industries
- IV. Processing industries
- V. Extractive industries
- VI. Food industries.

Groups I to VI together account for the bulk of industrial activity; in general, however, the investment of public utilities such as the railways, post office, telephones, etc., and electricity are not included. The definition of investment is that used for national accounting purposes.

In the interpretation of the results it must be noted that by and large total investment in the sectors mentioned above accounts, in the various member countries, for only about 60 % of overall investment by business enterprises as defined for national accounting purposes (excluding residential construction). In particular, investment in agriculture, transport, wholesale and retail trade and in the services sector generally is not covered by the survey. Moreover, total investment in the six sectors accounts for only about one quarter of total gross fixed asset formation.

The results commented on below concern the Federal Republic of Germany, France, Italy, Belgium and the Grand Duchy of Luxembourg. The graphs give, for each year, the forecasts made in October-November and again in February-March on variations in investment outlay, plus an estimate based on the survey made at the end of the current year.

In the Federal Republic of Germany, the results of the October-November surveys provide evidence of an appreciable decline of investment activity in 1967, while for 1968 they offer the prospect of a fairly vigorous recovery. This trend is certainly being stimulated by the incentives coming from the investment programmes of the public authorities, but also by an increased propensity to invest of entrepreneurs. The reports on order-books received from the industries manufacturing plant and machinery and the most recent assessments of the trend in their production confirm this distinct improvement.

<sup>1</sup> Detail of the method adopted in this survey have already been published in "Principles and Methods used in the Business Surveys carried out among Heads of Enterprises in the Community" (December 1963).

In France, the October–November surveys show that the rise in investment activity was greater than had been forecast at the beginning of 1967. At that time, managements exhibited little optimism for 1968, and their investment plans provided for a total increase of only 1% over 1967. This, however, was probably due in the main to the uncertainty then prevailing about how the economic situation would be shaping in early 1968, and there is reason to believe that since that time managements have revised their plans upwards.

In Italy, where 1966 had been marked by a decline of gross fixed asset formation in industry, the surveys conducted at the end of 1967 showed that in the course of the year the expansion of industrial investment had been very vigorous. The climate will remain equally good in 1968, since managements expect a growth rate of the same order.

In Belgium, the results of the October–November surveys provide evidence of a major decline in industrial investment in 1967. This is no doubt due to the fact that in view of the large reserves of production capacity the propensity to invest has been weak and that investment by foreign companies has been expanding less rapidly. The trend of investment is still likely to be downwards in 1968.

In the Grand Duchy of Luxembourg, the latest surveys show that 1967 was marked by a decline in investment which was even greater than in the previous years; for 1968, however, they indicate a distinct recovery and suggest that for the first time since 1964 the growth rate will be high.

## TABLE SHOWING INVESTMENT BY INDUSTRY <sup>1</sup>

(% change on figures of preceding year – forecasts and estimates of actual outlay)

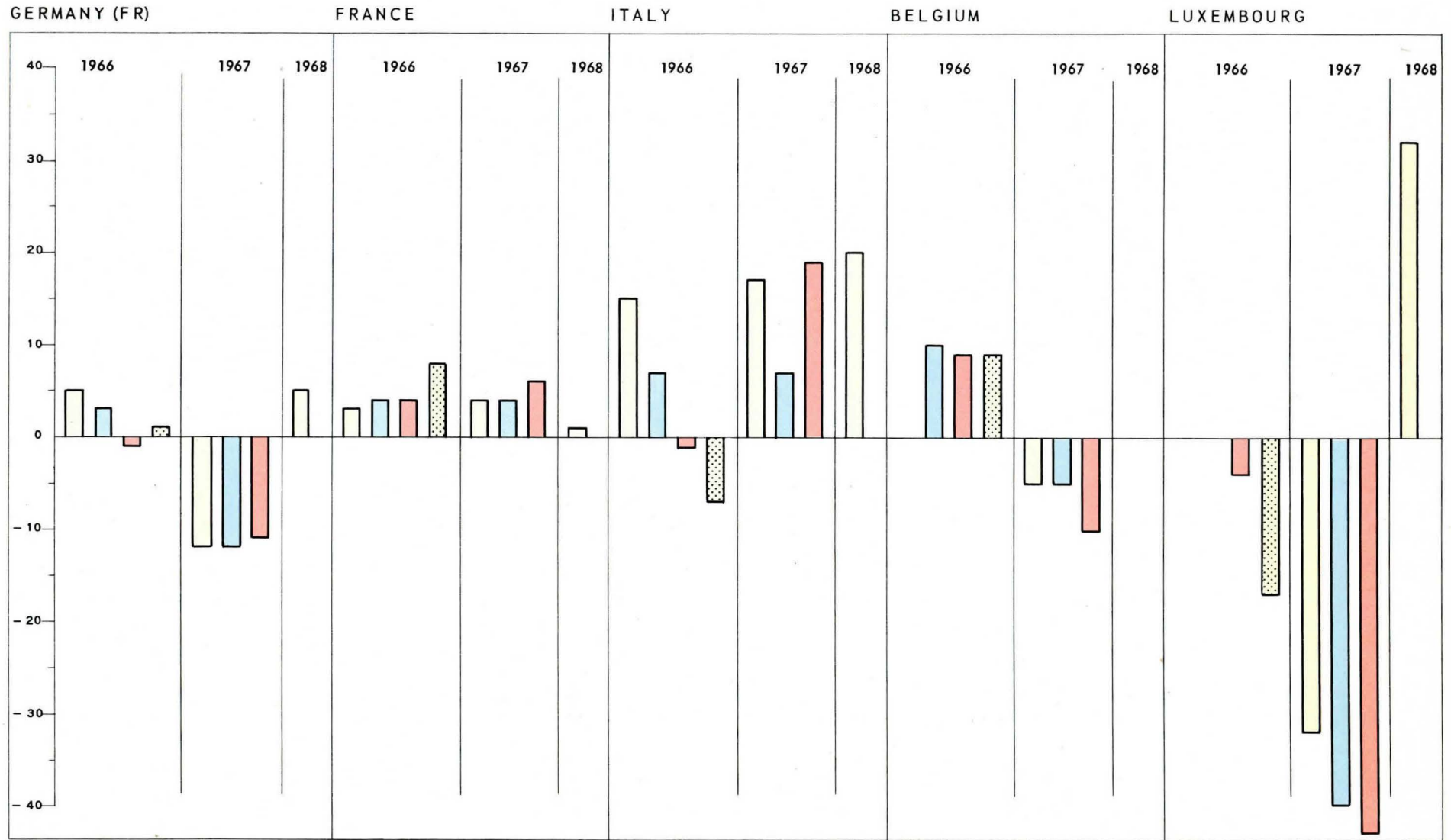
Investments for year	Germany (FR)				France				Italy				Belgium				Luxembourg			
	1965	1966	1967	1968	1965	1966	1967	1968	1965	1966	1967	1968	1965	1966	1967	1968	1965	1966	1967	1968
<i>Date of survey :</i>																				
October/November 1965	+ 15	+ 5			- 4	+ 3			- 22	+ 15			+ 1							
February/March 1966	+ 16	+ 3			- 1	+ 4			- 28	+ 7			+ 7	+ 10						
October/November 1965		- 1	- 12			+ 4	+ 4			- 1	+ 17			+ 9	- 5			- 4	- 32	
February/March 1967		+ 1	- 12			+ 8	+ 4			- 7	+ 7			+ 9	- 5			- 17	- 40	
October/November 1967			- 11	+ 5			+ 6	+ 1			+ 19	+ 20			- 10	- (2)			- 43	+ 32

<sup>1</sup> The figures for Belgium and Luxembourg exclude foodstuffs and extractive industries.

<sup>2</sup> Tendency.

# GRAPHS SHOWING INVESTMENT BY INDUSTRY <sup>1</sup>

(% change on figures of preceding year – forecasts and estimates of actual outlay)



<sup>1</sup> The figures for Belgium and Luxembourg exclude foodstuffs and extractive industries.

First forecast, made in October-November of preceding year.
  Second forecast, made in February-March of current year.
  Estimate of actual outlay, made in October-November of current year.
  Actual outlay (February-March of following year).

