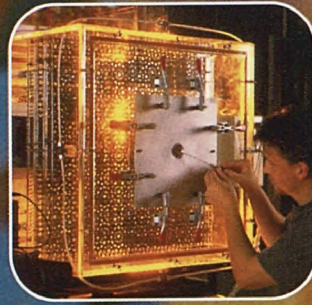


Monthly **Panorama**
of European Industry



OFICINA ESTADÍSTICA DE LAS COMUNIDADES EUROPEAS
DE EUROPÆISKE FÆLLESSKABERS STATISTISKE KONTOR
STATISTISCHES AMT DER EUROPÄISCHEN GEMEINSCHAFTEN
ΣΤΑΤΙΣΤΙΚΗ ΥΠΗΡΕΣΙΑ ΤΩΝ ΕΥΡΩΠΑΪΚΩΝ ΚΟΙΝΟΤΗΤΩΝ
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Monthly **Panorama**
of European Industry

ISSUE 5/97 ■ MAY 1997

Theme **4**
Energy and industry
Series **B**
Short-term statistics

Sent to press in May 1997

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

Luxembourg: Office for Official Publications of the European Communities, 1997

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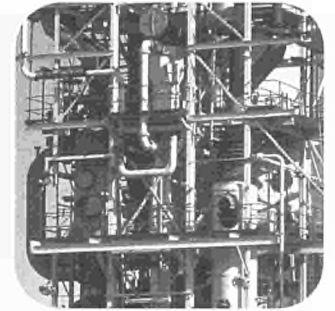
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GDP growth in the EU was equal to 1.6% in 1996. EU industrial production maintained the stable development seen over recent months. Since the summer of 1996, growth has been limited to small gains. This pattern of development continued to February 1997, when EU industrial production rose by 1.1% (annual growth). Industrial production growth in Japan and the USA was 5.6% and 4.2% respectively.

After the usual tables and figures on total industry and the main industrial groupings, this month's issue focuses on the textile industry and the phenomenon of mergers and acquisitions (M&A's). The first article is a general description of the textile industry giving structural and short-term indicators. Despite the fact that the EU continues to produce more textiles than either the USA or Japan, its share of world output has fallen in recent years. This has been due to increased competition from South-east Asia (now accounting for 46% of world production) and also due to a fundamental restructuring of the EU textiles industry.

The second special article is the first of a two-part article and gives a brief historical account and then details the recent development of mergers and acquisitions in Europe. The article presents a quantitative analysis of the past decade of merger activity. This is the first of three approaches adopted in the analysis of M&As - the other two (a financial approach and a sectoral approach) will follow in next month's issue with conclusions.



Latest outlook - the most recent short-term indicators for European industry in tabular and graphic format, page 13.



In depth - a close look into the textiles industry, page 49.



Special focus - first part of an article on mergers and acquisitions, page 75.

François de Geuser,
Luxembourg

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The Monthly Panorama of European Industry has the objective of furnishing readers with an instrument which will allow them to follow the evolution of industrial short-term trends and also show the structure and activity of industry at the sectorial level. The publication appears eleven times during the course of the year. When the occasion warrants topical articles may well be treated in the form of a special edition, five of which are planned for 1997.

This publication is a joint project of Eurostat and Directorate General III (Industry policy).

The opinions expressed in this publication are those of the individual authors alone and do not necessarily reflect the position of the European Commission.

Next issue:

Food, drink and tobacco
Mergers and acquisitions (part II)

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Economic commentary
 current economic situation in
 the EU, Japan and United States



Data in this section
 index of production,
 consumer price index, trade balance





In this section:

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Consumer prices	9
Trade balance	10

The economy as a whole

The 1996 GDP showed a slowdown in activity in the EU (+1.6%), while faster growth was recorded in the United States (2.4%) and Japan (3.6%).

The short-term interest rates for the Triad were 4.6% in the EU, 5.6% in the United States and 0.6% in Japan.

Recent trends in industry: activity stable and inflation slowing down

The trend in the industrial production index has been one of relative stability at EUR15 level since last summer, but British and German industrial activity show a recovery. The growth rate in industrial production between the quarter which ended in February 1997 and the previous quarter was 0.5% for EUR15, 0.9% for Germany, 0.7% for the United Kingdom, 0.4% for Spain and 0.2% in France. Output in Italy was down by 0.8%.

The EUR15 industrial production index rose by 1.1% between the quarters ending in February 1996 and February 1997. It was up in all Member States except Portugal and Italy, whose activity fell by 4.4% compared with -5.5% in the previous month. The German, Spanish, British and French indices were up by 2.5%, 1.9%, 1.3% and 1.6% respectively in February 1997. Industrial activity in the Netherlands slowed, its growth rate declining from 0.5% in January to 0.2% by February. Swedish and Finnish industry showed dynamic growth, with annual rates up by 8.8% and 12.7% in February 1997. By way of comparison, growth was 4.2% in the United States and 5.6% in Japan.

The capacity utilisation rate for the EU as a whole was 80.8% the first quarter of 1997. Rates were above the Community average in Germany (82.4%), the United Kingdom (82.8%), France (83.4%) and the Netherlands (83.8%), but below average in Italy (75.1%).

Further information:



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INDUSTRIAL PRODUCTION AND CONSUMER PRICES

The industrial production index shows relative stability at EU level since last summer

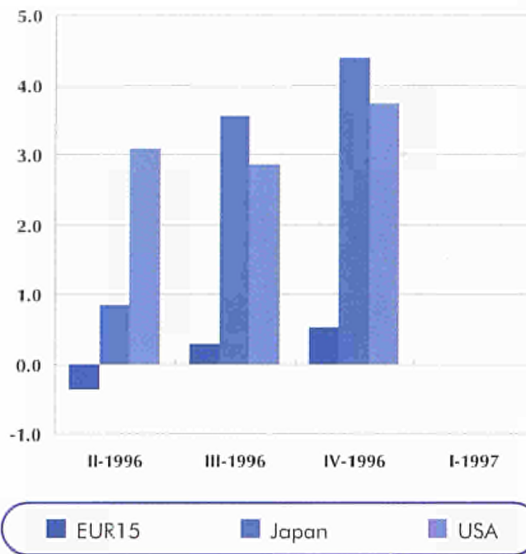


Figure 1.1

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

Source: eurostat

In general, the EU index of industrial producer prices has risen slightly but continuously over the past two years. The trend in the index of industrial producer prices showed 0.6% inflation for EUR15 in February 1997 compared with February 1996, or 0.2 points less than in the previous month. France and, to a lesser extent, Germany showed similar trends. British prices showed cyclic variations, while the US curve suggested a slight comparative acceleration since the spring of last year. In the last two months, the fall in industrial producer price inflation happened everywhere except in Italy, where it rose from 0.6% to 0.8%. Prices thus slowed in Germany, with inflation down from 0.7% to 0.6% in February and in France (0.6% to 0.3%). The Netherlands saw the same trend, starting from a higher rate (up by 2.7% in February). Finally, by way of comparison, the index of industrial producer prices in the United States fell by 0.7 points in February to 2.0%, while the deflation in Japan persisted, despite a slight recovery (from -0.4% to -0.3%).

The position in the Member States

The German consumer price index rose in March 1997 by 1.5% (annual rate), 0.2 percentage points lower than in February. The unemployment rate stood at 11.2% of the active population in February 1997, equivalent to an increase of 1.2 points over a year.

In France, the "confidence index" showed a downward trend. The unemployment situation deteriorated (+0.7 points over a year, to 12.8% unemployed in February 1997). The consumer price index was 0.1% up in March 1997 compared with

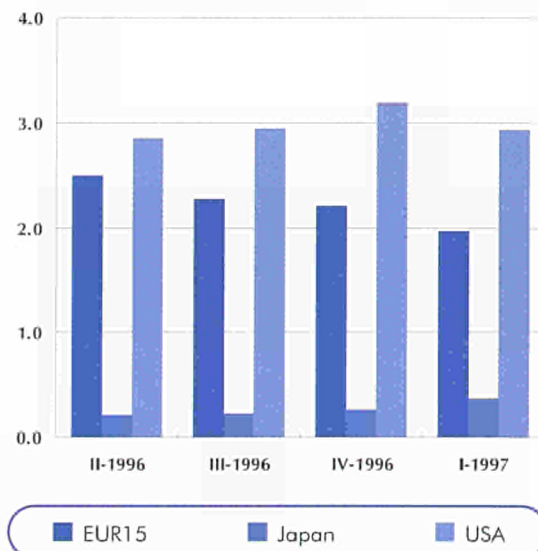


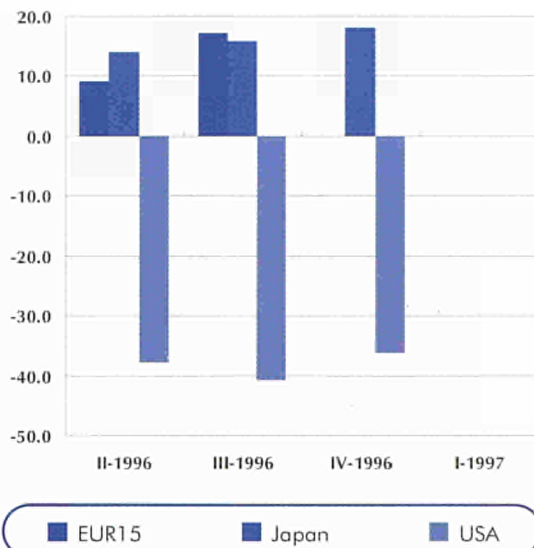
Figure 1.2

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

Source: eurostat

Figure 1.3

Quarterly
trade balance
(billion ECU)



Source: eurostat

The Community index of
industrial producer prices was

0.6% up in February 1997

on its value one year earlier

the previous month, amounting to an inflation rate of 1.1% over the past twelve months. The current growth is fired more by export demand than by domestic demand.

The annual increase in retail prices in the United Kingdom fell by 0.1 points from its February level to give a figure of 2.6% in March. The unemployment rate in March 1997 was 6.1% of the active population - a drop of 1.7 points over the year.

Household expenditure in the Netherlands was up in February 1997 by 3.1% in real and seasonally-adjusted terms from the previous month's level. The GDP growth rate, 2.1% in 1995 and 2.5% in 1996, continued this trend in 1997. The unemployment rate, 5.9% in February 1997, fell at the same time, one reason being part-time working by slightly more than a third of all wage-earners.

Danish consumer confidence is clearly on the upturn, following favourable economic forecasts. The bankruptcy rate in Finland is well down, by 9% in 1996 compared with 1995, and consumer prices are on the way up, by 0.6% over a year in March 1997 as against 0.4% one month earlier. The Swedish unemployment rate was down by 0.4 points in March 1997 from the previous month's figure, to 8.4%, but still rose by 1 point over a year. For the usual seasonal reasons, consumer prices were up again by 0.4% in March; over a year, however, prices fell by 0.4%, the same as in February.

Lastly, inflation in the Iberian peninsula slackened its pace in March, with price rises slowing by 0.3 points in Spain, to 2.2%, and by 0.4 points in Portugal, to 2.9%.

Table 1.1

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

	EUR15	Japan	USA
03-96	-0.3	-0.8	1.3
04-96	-0.7	-1.2	3.1
05-96	-1.0	2.5	2.9
06-96	0.6	1.3	3.3
07-96	1.0	4.3	3.2
08-96	-0.4	1.7	2.8
09-96	0.1	4.4	2.6
10-96	1.3	5.2	3.2
11-96	0.7	4.9	3.9
12-96	-0.5	3.1	4.1
01-97	1.3	8.2	4.7
02-97	2.5	5.8	3.8

Source: eurostat

CONSUMER PRICES & TRADE BALANCE

The United States and Japan

The quarterly industrial production indices in both the United States and Japan have recorded regular growth ever since March 1996.

The unemployment rate in the United States is fairly stable and stood at 5.2% in March 1997. Many jobs have been created in the construction sector and above all in services. Average hourly earnings increased by 3.8% in 1996. US prices are not becoming overheated, despite the continued pace of growth and the increase in earnings, the reasons for this being productivity gains, falling social costs and lively competition. The Federal Reserve has increased interest rates to avoid reigniting inflation, however.

The employment situation in Japan is improving, particularly in building and manufacturing. Japan's unemployment rate stood at 3.3% in February 1997 - the same as it had been one year earlier.

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Table 1.2

	EUR15	Japan	USA
04-96	2.5	0.4	2.9
05-96	2.6	0.3	2.9
06-96	2.4	0.0	2.8
07-96	2.4	0.6	3.0
08-96	2.2	0.2	2.9
09-96	2.2	-0.1	3.0
10-96	2.3	0.1	3.0
11-96	2.2	0.5	3.3
12-96	2.1	0.2	3.3
01-97	2.2	0.5	3.0
02-97	2.0	0.1	3.0
03-97	1.7	0.5	2.8

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

Source:  eurostat

Table 1.3

	EUR15	Japan	USA
03-96	4.0	9.8	-11.4
04-96	1.7	4.0	-12.4
05-96	3.3	3.2	-13.6
06-96	4.2	6.8	-11.8
07-96	7.9	5.0	-13.9
08-96	7.7	3.9	-12.9
09-96	1.7	7.0	-13.9
10-96	:	4.7	-11.3
11-96	:	6.0	-11.3
12-96	:	7.4	-13.5
01-97	:	:	-15.3
02-97	:	:	-14.5

Monthly
trade balance
(billion ECU)

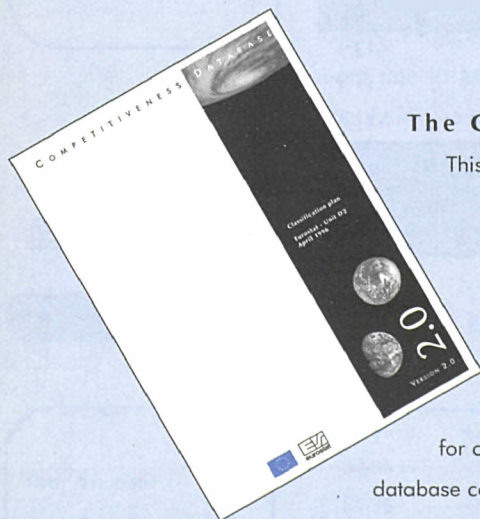
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The Panorama CD-ROM Professional Version

The Panorama of EU Industry has established itself as one of the major sources of data and commentary on EU industrial activity - giving a wide cross-sectional analysis of some 200 industrial and service activities. Now Eurostat has launched a database - containing not only the text and tables from the publication, but also:

- ★ country breakdowns of EU totals;
- ★ data from the SME (small and medium sized enterprises) database;
- ★ and data from National Accounts.

All this information is contained on one single, easy-to-use CD-Rom. As well as containing a pictorial representation of the publication, with powerful search facilities to enable the user to access related industries, the CD-Rom has the added facility of being able to link directly with spreadsheets and word processors. This CD-Rom is a useful tool for consultants, policy advisors, researchers and anyone generally interested in EU industry.



The Competitiveness Database

This is a new product, bringing together a wide range of indicators linked to industrial competitiveness for the EU Member States and OECD countries. This database will be vital for anyone interested in studying industrial competitiveness, for comparing industrial opportunities. The database covers some 30 countries in depth, 200 industrial activities and nearly 100 indicators, for the period 1980-1995. The database comes on CD-ROM and includes Eurostat standard CUB.X software for viewing and extracting the data.

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Business cycle at a glance



Short-term indicators

production index, producer price index,
employment index, capacity utilisation,
the construction sector, foreign trade indices



data extracted on: 12/5/97

For full methodological notes and an explanation of the signs and abbreviations used in this publication, please refer to page 71

Table 2.1

Business cycle at a glance - situation for the production index of the main industrial groupings, trend cycle

	Latest 3 months available	Total industry	Intermediate goods	Capital goods	Consumer durables	Consumer non-durables
EUR15	12-96 ⇔ 02-97	↗	↗	↗	↘	↗
B	12-96 ⇔ 02-97	↘	↗	↘	↘	↘
DK	12-96 ⇔ 02-97	↗	→	↘	↘↘	↗
D	12-96 ⇔ 02-97	↗	↗	↗	↘	↗
EL	12-96 ⇔ 02-97	→	→	↘	↗↗	→
E	12-96 ⇔ 02-97	→	↘	↗	↘	↗
F	12-96 ⇔ 02-97	→	→	→	→	→
IRL	11-96 ⇔ 01-97	↗↗	↗	↗↗	:	↗
I	12-96 ⇔ 02-97	↘	↘	→	↘	→
L	11-96 ⇔ 01-97	↗	↗	↗	↘↘	↘
NL	12-96 ⇔ 02-97	↗	↗	→	↗	→
A	⇔	:	:	:	:	:
P	10-96 ⇔ 12-96	↘	↘↘	↗↗	↗↗	↗
FIN	12-96 ⇔ 02-97	↗	↗↗	↗	↗↗	↗
S	12-96 ⇔ 02-97	↗	↗	↗↗	↗↗	↗
UK	12-96 ⇔ 02-97	↗	↗	↗	→	→
Japan	12-96 ⇔ 02-97	↗	↗	↗	↗	↗
USA	12-96 ⇔ 02-97	↗	↗	↗	↗	↗

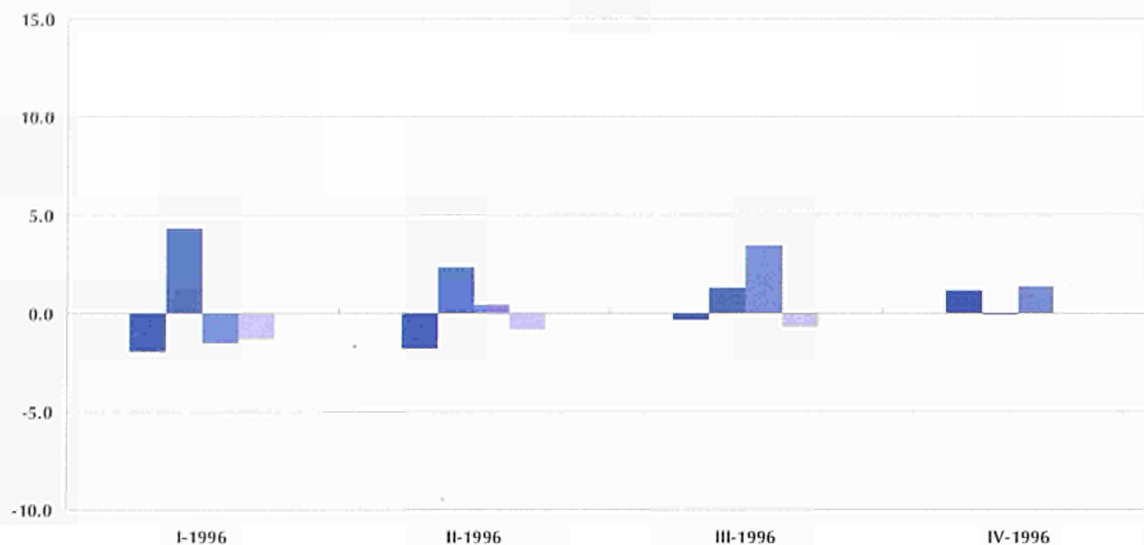
Growth rates:

↗↗ >2.5%
 ↗ 0.5% → 2.5%
 → -0.5% → 0.5%
 ↘ -2.5% → -0.5%
 ↘↘ <-2.5%

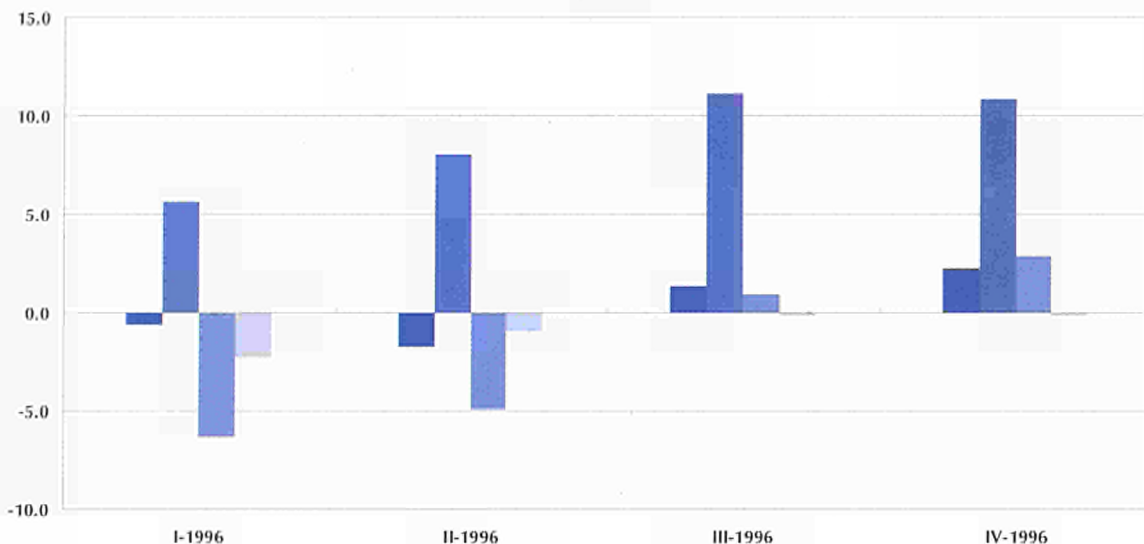
Source:  eurostat

PRODUCTION INDEX - W.D.ADJ.

EUR15



Japan



USA

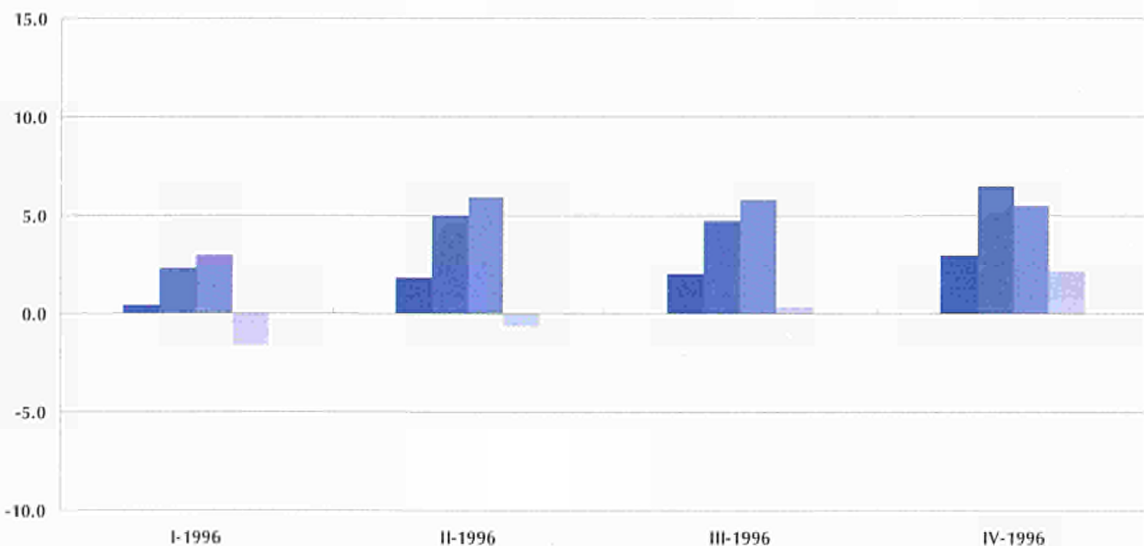


Figure 2.1

TRIAD comparison of production growth for the main industrial groupings, based on changes from the corresponding quarter of the previous year, w.d.adj. (%)

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

Source: eurostat

PRODUCTION INDEX - W.D.ADJ.

Table 2.2

Indices of
production for total
industry, w.d.adj.
(1990 = 100)

	1994	1995	1996	09-96	10-96	11-96	12-96	01-97	02-97
EUR15	99.2	103.1	103.2	106.7	109.3	110.8	103.1	101.4	106.3
B	94.7	98.7	99.3	110.8	100.7	109.6	96.5	92.7	104.5
DK	111.2	115.8	117.1	126.7	125.3	125.4	110.7	107.3	116.0
D	93.9	95.9	96.0	101.2	103.6	102.7	97.4	92.1	94.2
EL	95.7	97.4	98.4	110.0	105.1	101.8	93.2	90.8	95.5
E	98.7	103.3	102.2	106.8	110.4	110.6	95.9	102.0	107.9
F	97.6	99.3	99.4	100.4	105.1	105.2	99.0	101.9	107.2
IRL	133.3	158.5	171.1	161.8	146.4	165.9	179.7	187.3	:
I	101.7	107.9	104.9	111.3	109.6	113.2	97.3	99.2	113.5
L	100.5	101.0	100.6	98.3	75.9	102.1	102.8	97.3	:
NL	103.2	106.7	110.2	106.2	112.3	118.1	121.5	115.8	116.6
A	:	:	:	:	:	:	:	:	:
P	94.9	99.4	100.1	105.5	73.8	105.4	103.9	100.8	:
FIN	107.3	115.3	118.0	126.0	126.7	129.1	122.8	120.3	120.0
S	103.8	114.1	117.4	122.8	122.3	128.0	136.9	114.8	121.9
UK	102.6	105.4	106.4	105.5	112.4	114.2	108.3	107.1	106.4
Japan	93.1	96.3	98.5	104.0	100.8	103.8	101.7	94.1	106.0
USA	109.8	113.4	116.5	120.5	118.9	117.4	116.6	117.9	119.6

Source:  eurostat

Table 2.3

TRIAD comparison of
indices of production
for the main
industrial groupings,
w.d.adj.
(1990 = 100)

	1994	1995	1996	09-96	10-96	11-96	12-96	01-97	02-97
Total industry									
EUR15	99.2	103.1	103.2	106.7	109.3	110.8	103.1	101.4	106.3
Japan	93.1	96.3	98.5	104.0	100.8	103.8	101.7	94.1	106.0
USA	109.8	113.4	116.5	120.5	118.9	117.4	116.6	117.9	119.6
Intermediate goods									
EUR15	101.6	104.6	103.8	106.7	109.8	110.6	100.0	105.4	109.0
Japan	95.5	99.3	99.7	102.6	103.4	104.6	101.5	96.5	105.1
USA	104.1	105.4	107.3	113.6	110.6	108.2	106.4	106.0	106.0
Capital goods									
EUR15	91.8	99.0	100.9	105.7	105.3	108.6	111.6	91.0	100.3
Japan	85.6	89.5	97.4	111.2	99.6	103.1	101.9	92.0	106.1
USA	103.7	108.6	113.7	118.8	117.3	115.6	113.9	114.9	119.3
Consumer durables									
EUR15	95.9	97.2	98.0	108.3	108.6	108.7	91.2	92.1	100.0
Japan	82.3	81.3	79.7	84.2	85.2	87.3	78.9	75.4	88.4
USA	114.5	120.9	127.0	132.0	131.0	129.0	126.1	126.9	132.6
Consumer non-durables									
EUR15	102.1	104.2	103.5	107.1	111.5	112.5	101.5	99.9	104.3
Japan	98.8	98.7	97.8	98.0	98.2	104.2	105.3	85.0	101.7
USA	107.2	108.5	108.6	114.4	112.3	109.1	107.0	106.7	107.6

Source:  eurostat

PRODUCTION INDEX - SEASONALLY ADJUSTED

Table 2.4

	1994	1995	1996	09-96	10-96	11-96	12-96	01-97	02-97
EUR15	99.2	103.1	103.2	103.4	103.8	104.0	103.7	104.1	104.8
B	94.7	98.7	99.3	103.5	99.2	99.8	101.2	96.3	99.5
DK	111.2	115.8	117.1	116.6	118.2	118.4	117.9	118.3	119.9
D	93.9	95.9	96.0	96.1	96.9	96.7	97.4	98.1	97.9
EL	95.7	97.4	98.4	97.8	98.4	100.1	97.5	99.3	99.5
E	98.7	103.3	102.2	102.6	104.5	103.4	102.7	103.7	104.3
F	97.6	99.3	99.4	99.7	99.6	99.6	100.4	99.3	100.9
IRL	133.3	158.5	171.1	174.6	170.7	167.2	174.6	191.8	:
I	101.7	107.9	104.9	105.4	104.8	103.2	102.2	102.7	104.9
L	100.5	101.0	100.6	101.0	96.5	101.2	100.8	102.3	:
NL	103.2	106.7	110.2	109.9	109.3	110.3	111.4	110.9	110.4
A	:	:	:	:	:	:	:	:	:
P	94.9	99.4	100.1	100.8	103.8	102.4	100.3	99.2	:
FIN	107.3	115.3	118.0	120.1	120.3	121.2	121.7	122.1	121.4
S	103.8	114.1	117.4	118.1	117.4	121.6	125.5	122.7	122.6
UK	102.6	105.4	106.4	107.5	107.4	108.0	108.6	108.7	108.1
Japan	93.1	96.3	98.5	98.7	102.5	101.2	101.2	106.5	103.3
USA	109.8	113.4	116.5	117.3	117.5	118.6	119.1	119.0	119.5

Indices of production for total industry, seasonally adjusted (1990 = 100)

Source:  eurostat

Table 2.5

	1994	1995	1996	09-96	10-96	11-96	12-96	01-97	02-97
Total industry									
EUR15	99.2	103.1	103.2	103.4	103.8	104.0	103.7	104.1	104.8
Japan	93.1	96.3	98.5	98.7	102.5	101.2	101.2	106.5	103.3
USA	109.8	113.4	116.5	117.3	117.5	118.6	119.1	119.0	119.5
Intermediate goods									
EUR15	101.6	104.6	103.8	104.1	104.6	104.9	104.5	105.3	105.5
Japan	95.5	99.3	99.7	99.6	102.5	101.4	101.8	106.2	103.8
USA	104.1	105.4	107.3	108.5	108.1	109.8	109.3	109.2	109.7
Capital goods									
EUR15	91.8	99.0	100.9	101.3	100.9	101.7	101.5	101.2	102.5
Japan	85.6	89.5	97.4	99.1	102.8	102.4	101.4	106.5	103.5
USA	103.7	108.6	113.7	115.0	115.3	115.8	116.3	117.5	119.0
Consumer durables									
EUR15	95.9	97.2	98.0	98.3	98.0	98.3	96.3	97.3	97.6
Japan	82.3	81.3	79.7	79.5	86.7	81.6	80.5	90.6	82.6
USA	114.5	120.9	127.0	128.4	128.3	129.7	130.2	130.2	131.8
Consumer non-durables									
EUR15	102.1	104.2	103.5	103.6	103.8	104.2	104.4	104.7	105.0
Japan	98.8	98.7	97.8	96.2	99.3	99.3	99.3	105.0	102.0
USA	107.2	108.5	108.6	109.2	109.7	110.2	111.1	110.4	110.8

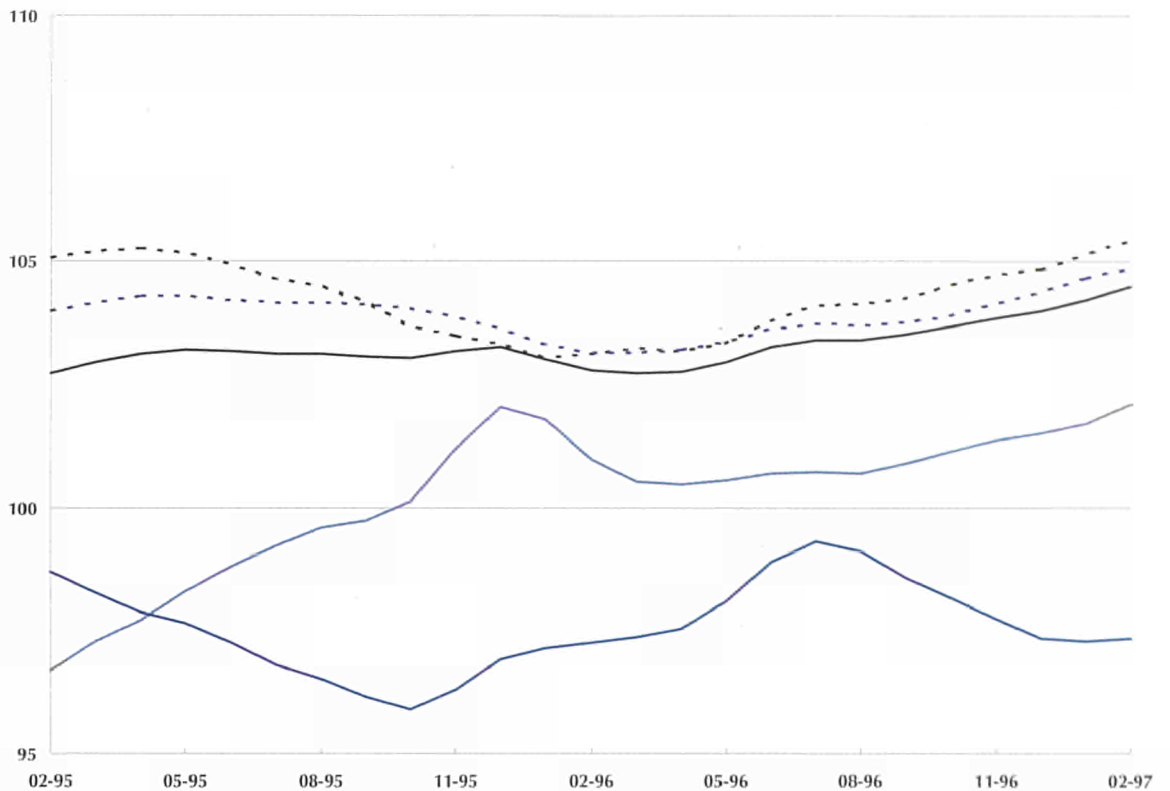
TRIAD comparison of indices of production for the main industrial groupings, seasonally adjusted (1990 = 100)

Source:  eurostat

Figure 2.2

EUR15 production index by main industrial grouping, trend cycle (1990 = 100)

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



Source: eurostat

Table 2.6

Three month on three month growth rates for the production index of the main industrial groupings, trend cycle (%)

	Latest 3 months available	Total industry	Intermediate goods	Capital goods	Consumer durables	Consumer non-durables
EUR15	12-96 ⇨ 02-97	0.5	0.6	0.6	-0.8	0.7
B	12-96 ⇨ 02-97	-0.8	1.5	-0.5	-0.6	-0.9
DK	12-96 ⇨ 02-97	0.7	-0.2	-0.8	-2.6	1.0
D	12-96 ⇨ 02-97	0.9	1.0	1.6	-1.0	1.1
EL	12-96 ⇨ 02-97	0.2	0.3	-1.8	2.9	-0.3
E	12-96 ⇨ 02-97	0.4	-0.9	1.6	-1.3	0.6
F	12-96 ⇨ 02-97	0.2	0.3	0.1	-0.3	0.0
IRL	11-96 ⇨ 01-97	4.4	2.1	11.8	:	1.6
I	12-96 ⇨ 02-97	-0.8	-1.1	-0.1	-1.7	0.5
L	11-96 ⇨ 01-97	1.6	2.0	1.0	-7.4	-1.2
NL	12-96 ⇨ 02-97	0.6	1.0	-0.3	1.3	0.5
A	⇨	:	:	:	:	:
P	10-96 ⇨ 12-96	-0.8	-2.6	3.8	3.4	1.4
FIN	12-96 ⇨ 02-97	1.3	3.3	0.9	3.8	0.7
S	12-96 ⇨ 02-97	2.1	1.6	4.4	2.6	1.7
UK	12-96 ⇨ 02-97	0.7	0.9	0.8	0.4	0.1
Japan	12-96 ⇨ 02-97	1.9	2.0	2.4	1.5	1.6
USA	12-96 ⇨ 02-97	1.2	1.0	1.5	1.5	0.9

Source: eurostat

PRODUCTION INDEX - W.D.ADJ.

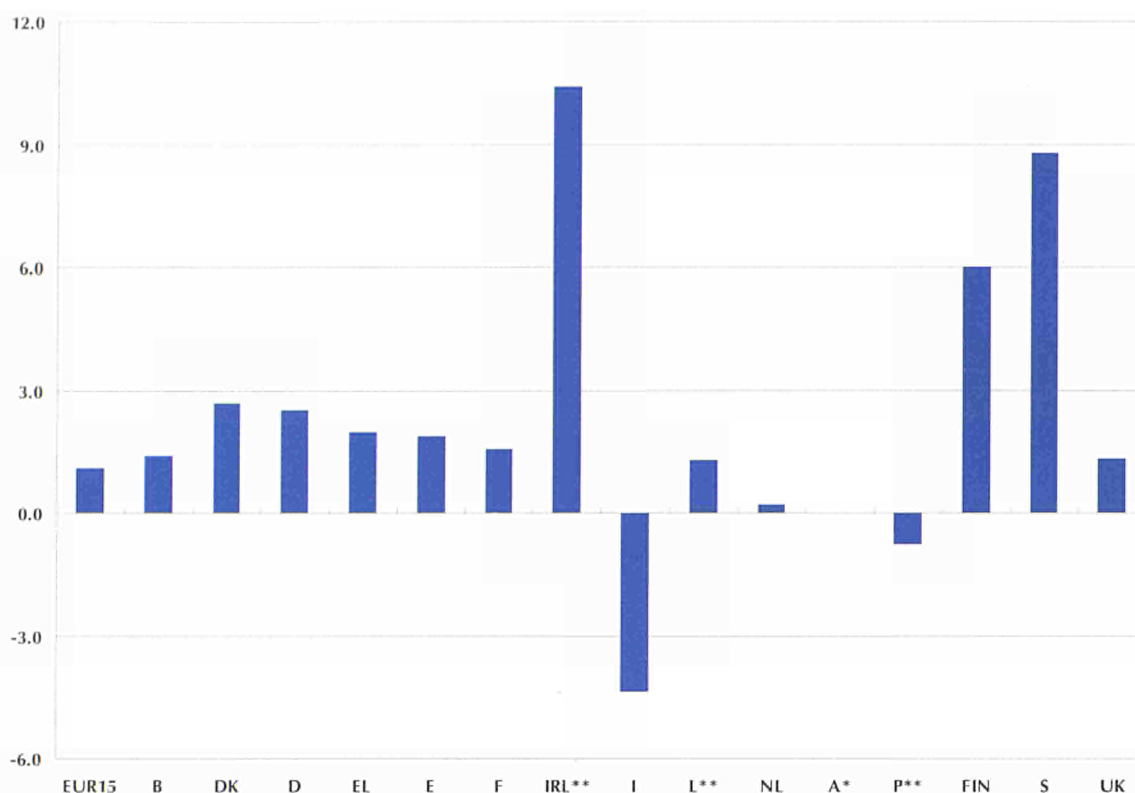


Figure 2.3

Annual growth rates for the production index of total industry, based on changes from the corresponding three months of the previous year, w.d.adj., Dec-96 to Feb-97 (%)

Source: eurostat

Latest 3 months available Total industry Intermediate goods Capital goods Consumer durables Consumer non-durables

	Latest 3 months available	Total industry	Intermediate goods	Capital goods	Consumer durables	Consumer non-durables
EUR15	12-96 ⇨ 02-97	1.1	1.9	-0.4	-0.3	1.6
B	12-96 ⇨ 02-97	1.4	6.0	1.6	-3.7	-3.1
DK	12-96 ⇨ 02-97	2.7	4.2	-1.4	1.5	4.9
D	12-96 ⇨ 02-97	2.5	3.9	2.1	-0.4	1.9
EL	12-96 ⇨ 02-97	2.0	4.1	0.0	11.8	-2.9
E	12-96 ⇨ 02-97	1.9	-0.9	4.8	3.1	6.3
F	12-96 ⇨ 02-97	1.6	2.5	0.6	0.2	0.3
IRL	11-96 ⇨ 01-97	8.7	7.1	12.4	:	6.0
I	12-96 ⇨ 02-97	-4.4	-0.8	-13.7	-4.8	-0.3
L	11-96 ⇨ 01-97	1.9	4.9	4.3	1.6	-5.7
NL	12-96 ⇨ 02-97	0.2	-0.1	-1.7	4.5	1.5
A	⇨	:	:	:	:	:
P	10-96 ⇨ 12-96	-1.4	-6.2	15.7	0.0	7.7
FIN	12-96 ⇨ 02-97	6.0	12.7	1.8	10.3	2.1
S	12-96 ⇨ 02-97	8.8	4.8	11.9	8.4	12.1
UK	12-96 ⇨ 02-97	1.3	1.5	1.8	1.8	0.7

Japan	12-96 ⇨ 02-97	5.6	3.5	10.9	3.5	3.1
USA	12-96 ⇨ 02-97	4.2	3.4	7.0	5.8	3.1

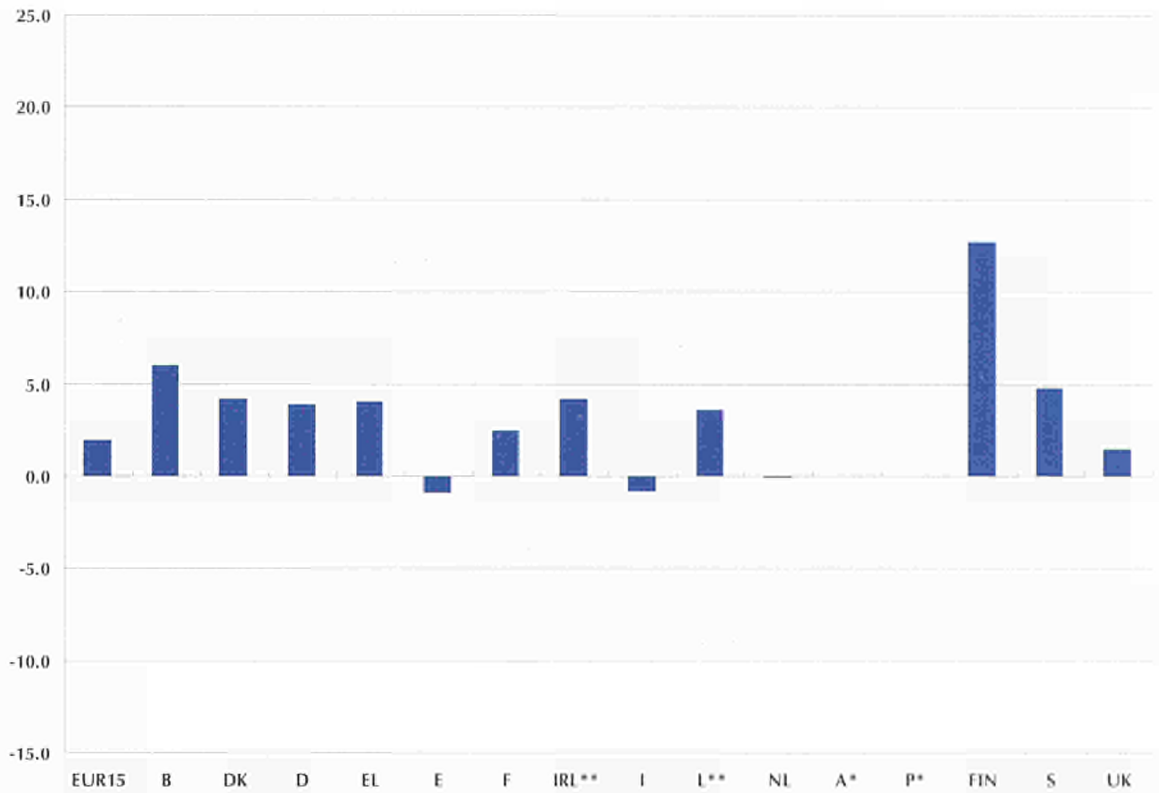
Table 2.7

Annual growth rates for the production index of the main industrial groupings, based on changes from the corresponding three months of the previous year, w.d.adj. (%)

Source: eurostat

Figure 2.4

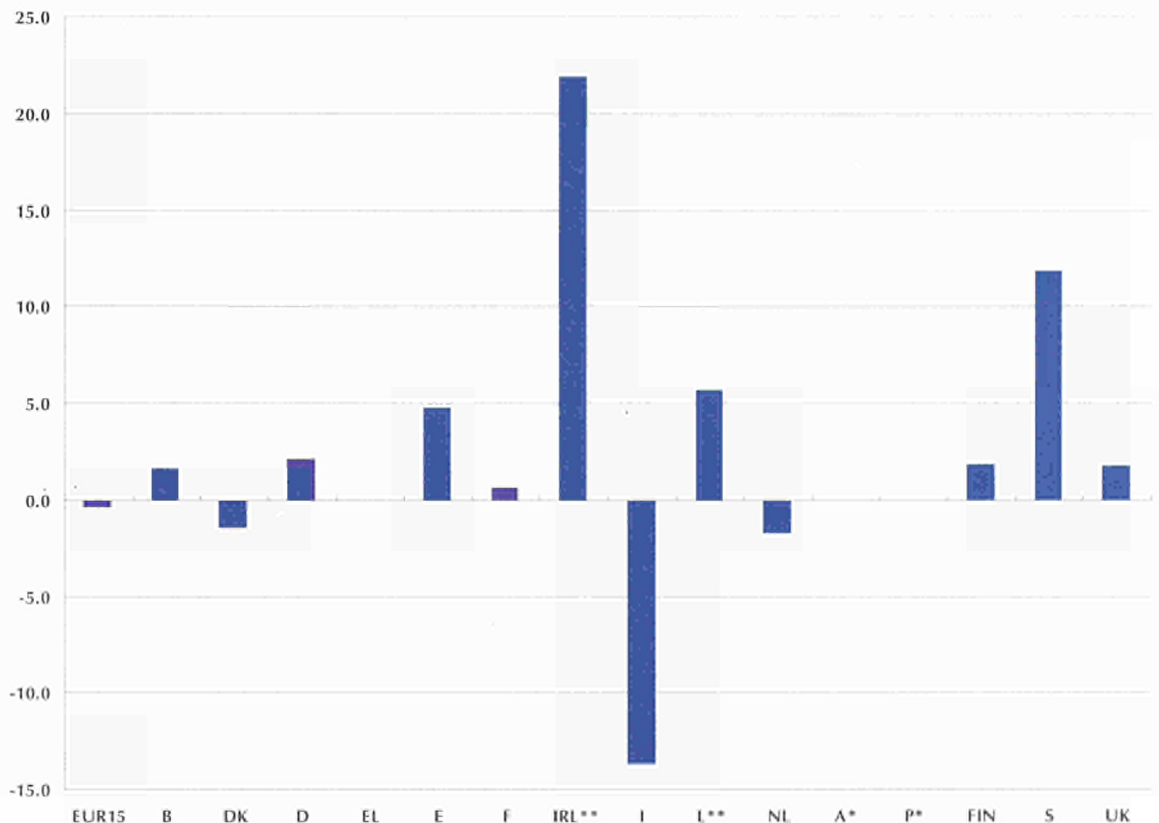
Annual growth rates for the production index of intermediate goods, based on changes from the corresponding three months of the previous year, w.d.adj., Dec-96 to Feb-97 (%)



Source: eurostat

Figure 2.5

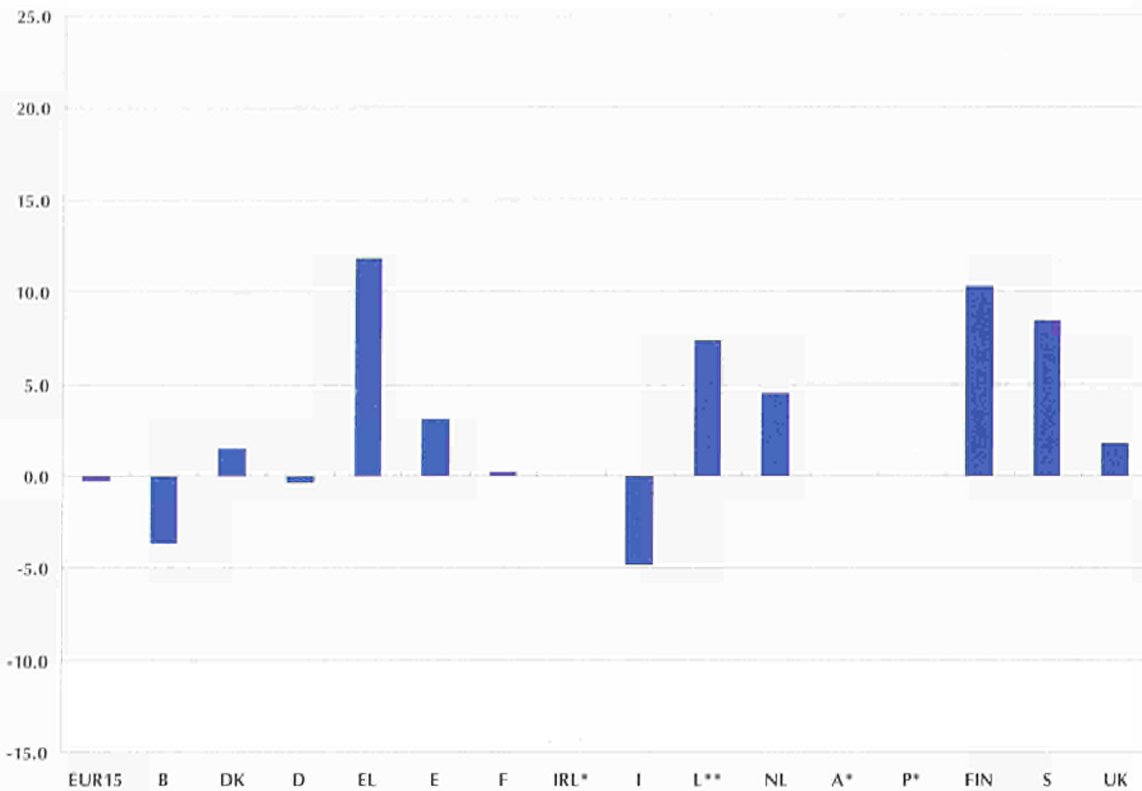
Annual growth rates for the production index of capital goods, based on changes from the corresponding three months of the previous year, w.d.adj., Dec-96 to Feb-97 (%)



Source: eurostat

PRODUCTION INDEX - W.D.ADJ.

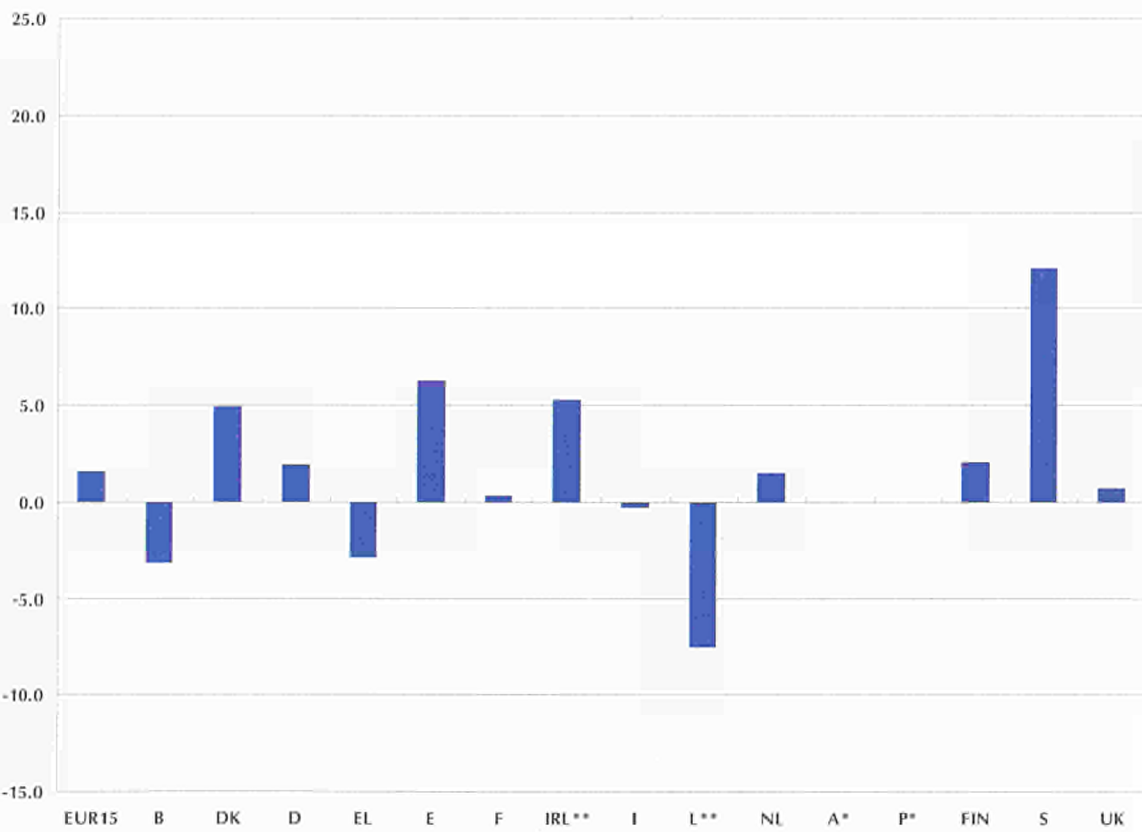
Figure 2.6



Annual growth rates for the production index of consumer durables, based on changes from the corresponding three months of the previous year, w.d.adj., Dec-96 to Feb-97 (%)

Source: eurostat

Figure 2.7

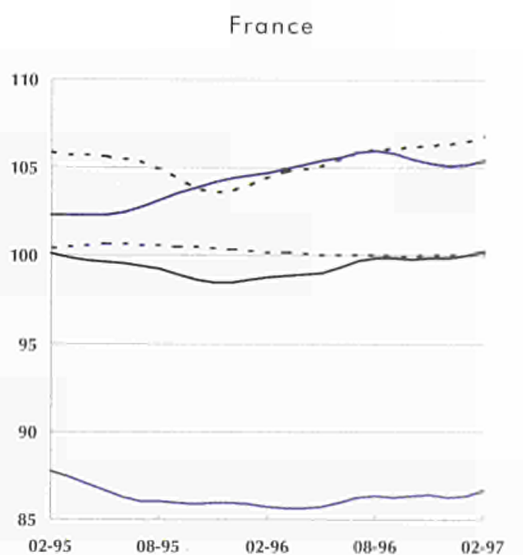
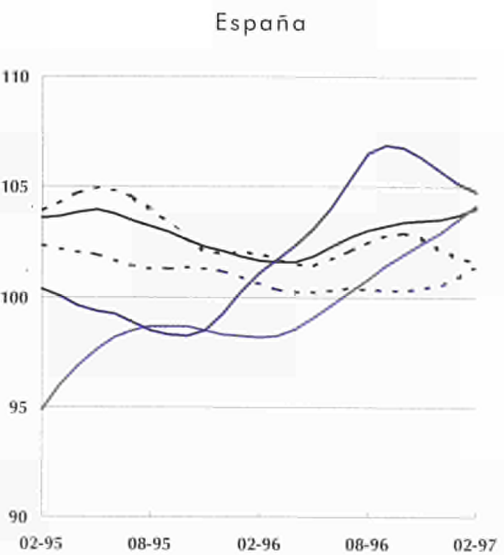
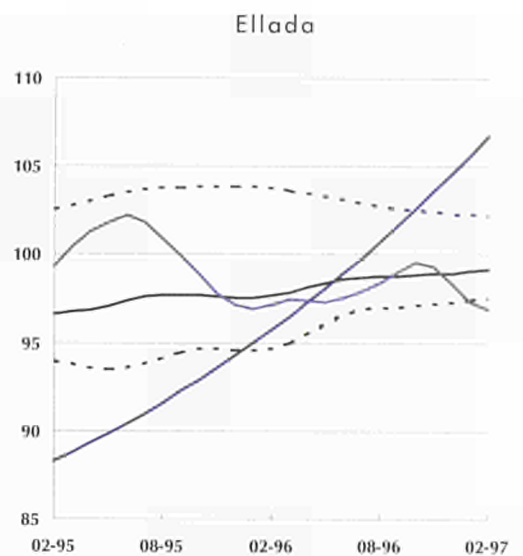
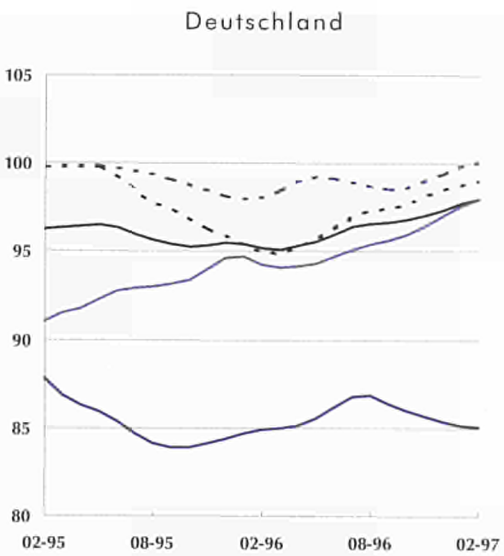
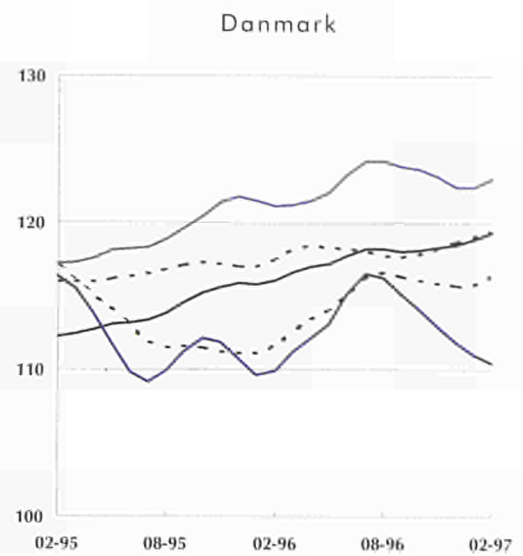
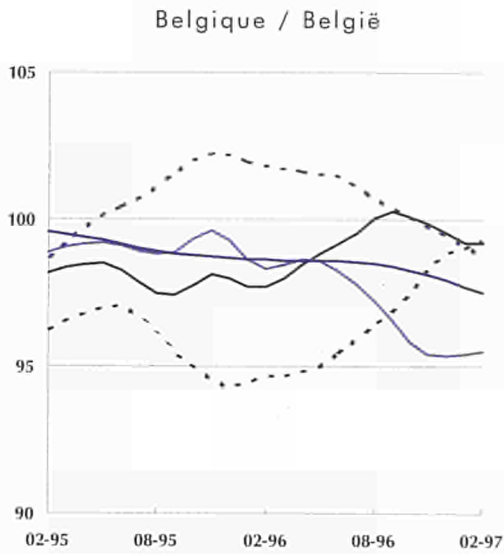


Annual growth rates for the production index of consumer non-durables, based on changes from the corresponding three months of the previous year, w.d.adj., Dec-96 to Feb-97 (%)

Source: eurostat

Figure 2.8

Production index by main industrial grouping, trend cycle (1990 = 100)



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

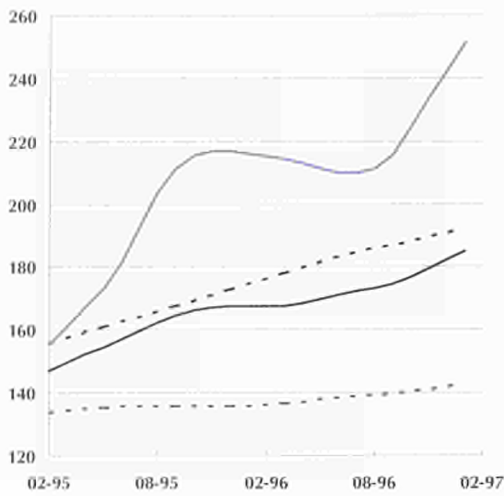
Source:  eurostat

PRODUCTION INDEX - TREND CYCLE

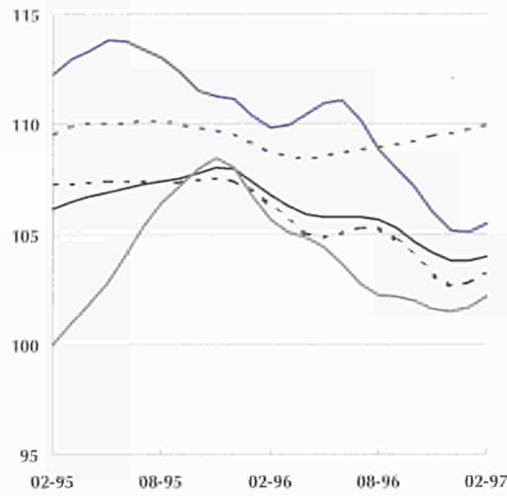
Figure 2.8

Production index by main industrial grouping, trend cycle (1990 = 100)

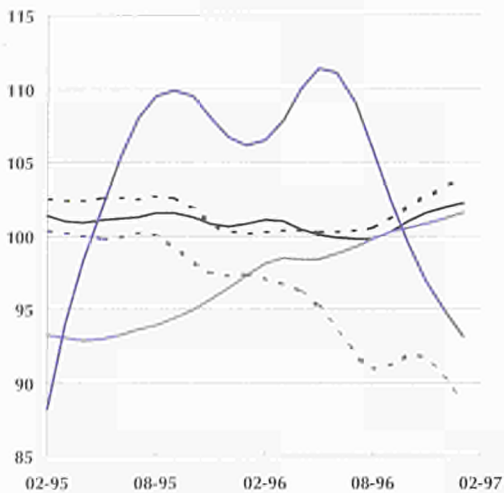
Ireland



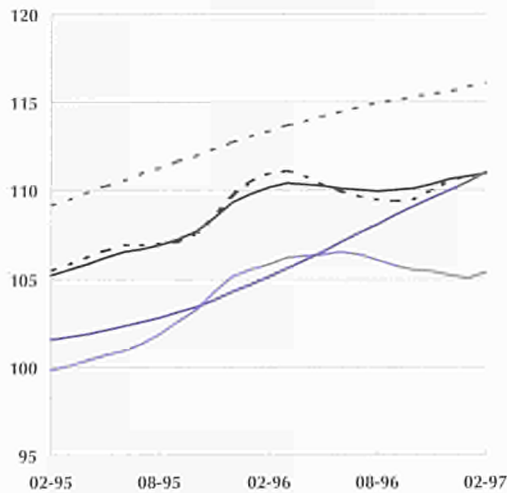
Italia



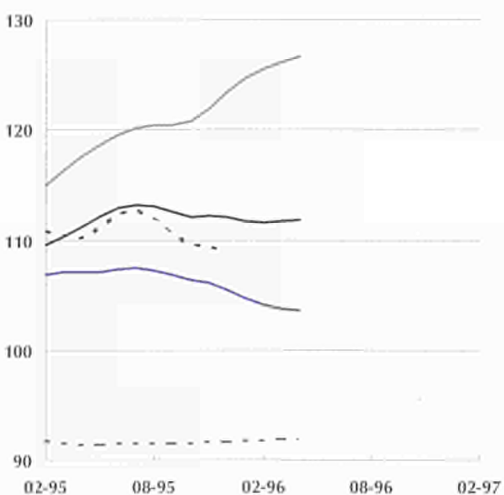
Luxembourg



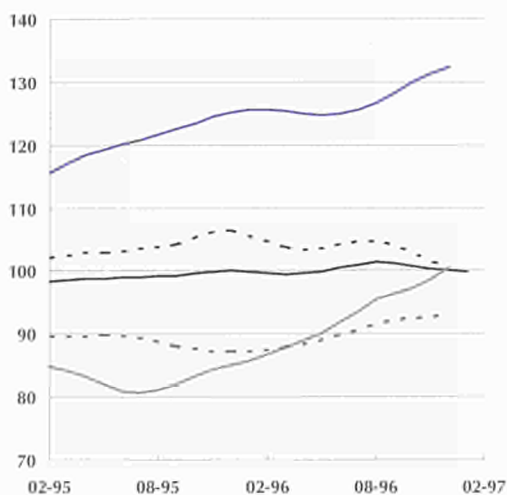
Nederland



Österreich



Portugal

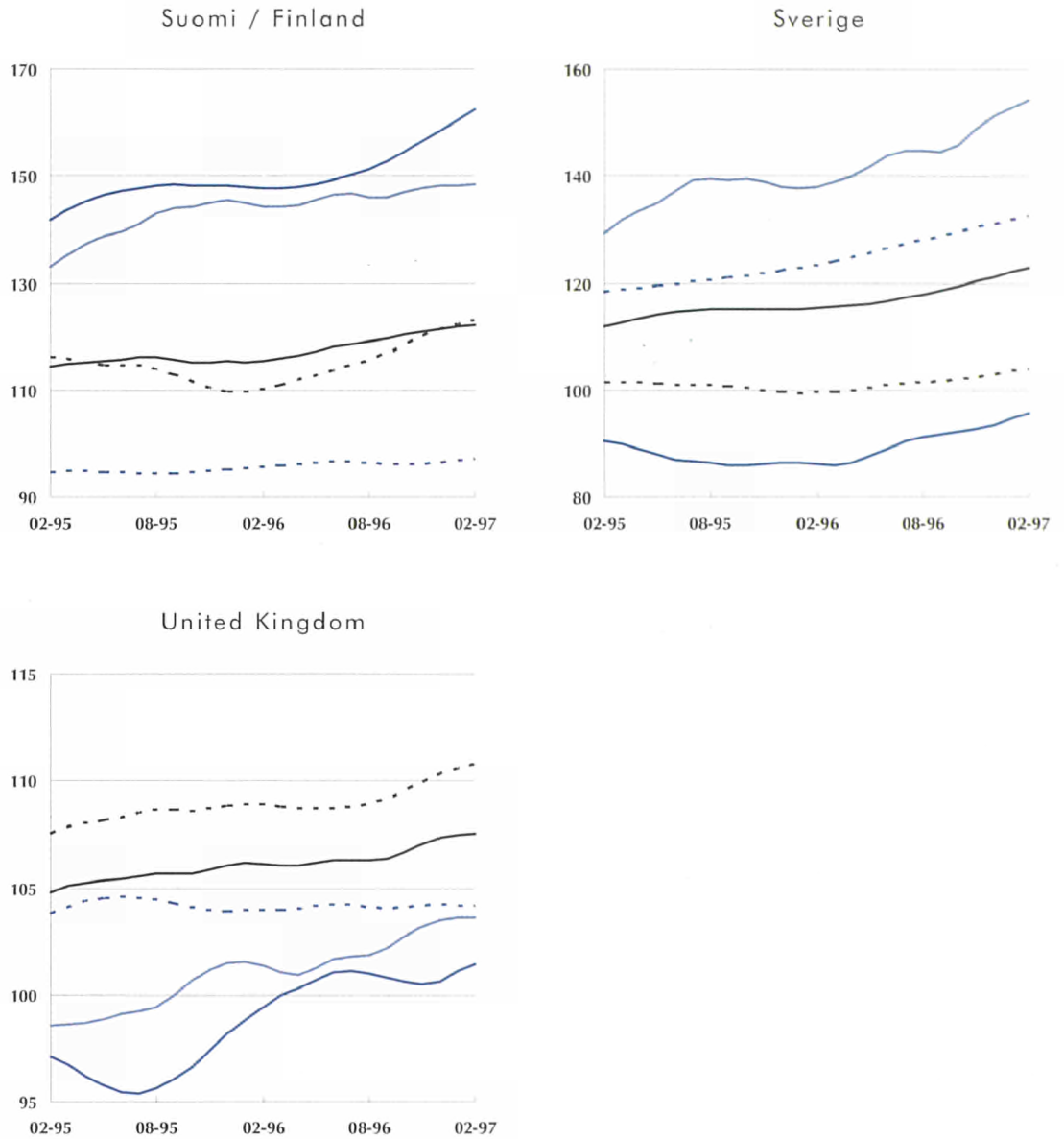


- Total industry
- - - Intermediate goods
- Capital goods
- Consumer durables
- Consumer non-durables

Source:  eurostat

Figure 2.8

Production index by main industrial grouping, trend cycle (1990 = 100)



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

Further information - the production index:

The index of production measures changes in volume (at constant prices) of gross value added created by a given activity, the activity indices being aggregated (like the aggregation at Community level) by means of a system of weighting according to gross value added at factor cost.

The indices of production are adjusted in two stages. Firstly, account is taken of the variation in the number of working days in the month. The national Statistical Offices provide Eurostat with these series (except Denmark, France, Spain and the United Kingdom). Secondly, for EUR15 and most of the Member States a correction is made using seasonal adjustment with TRAMO / SEATS, a method developed by Professor Maravall and V.Gomez. For France, Finland, Sweden and the United Kingdom, the indices are adjusted by the national statistical offices themselves. All data from Ireland is converted to NACE Rev.1 from the old classification NACE 1970 and is therefore less reliable.

Full methodological notes may be found on page 71.

Source: eurostat

DOMESTIC PRODUCER PRICE INDEX - NATIONAL CURRENCY

EUR15

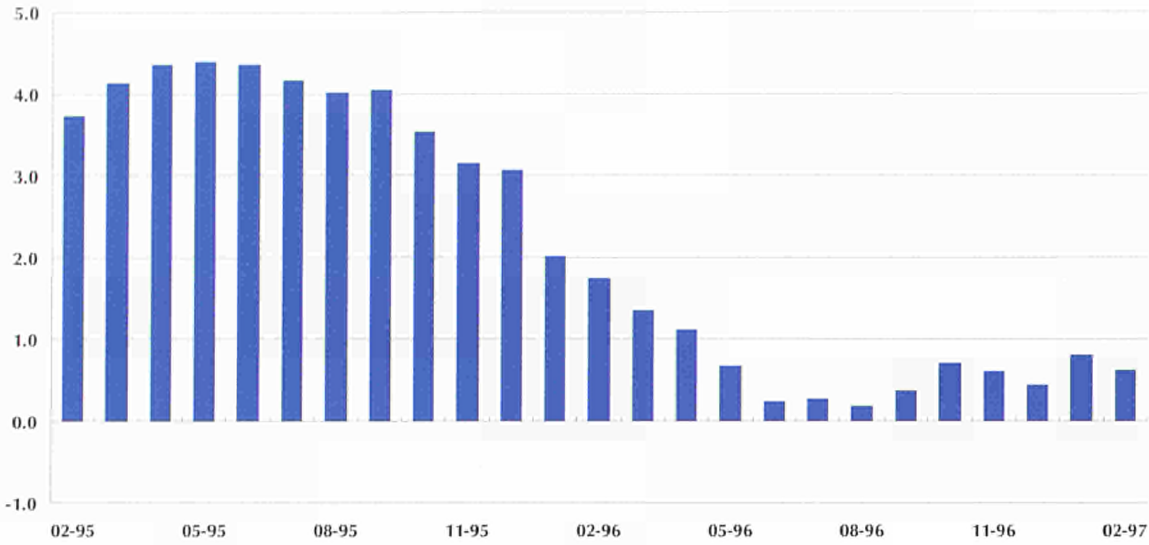
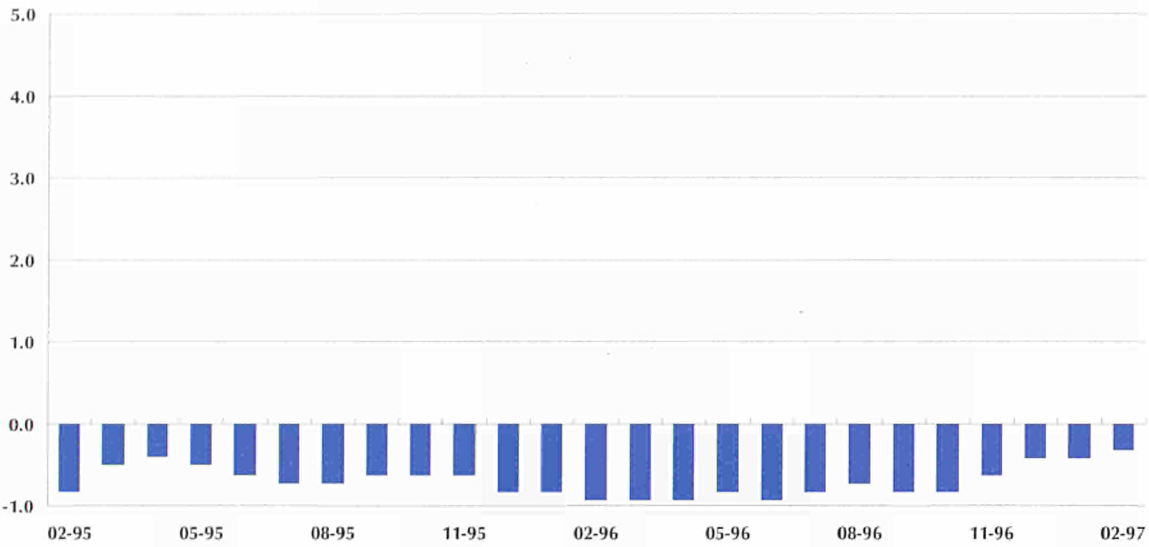


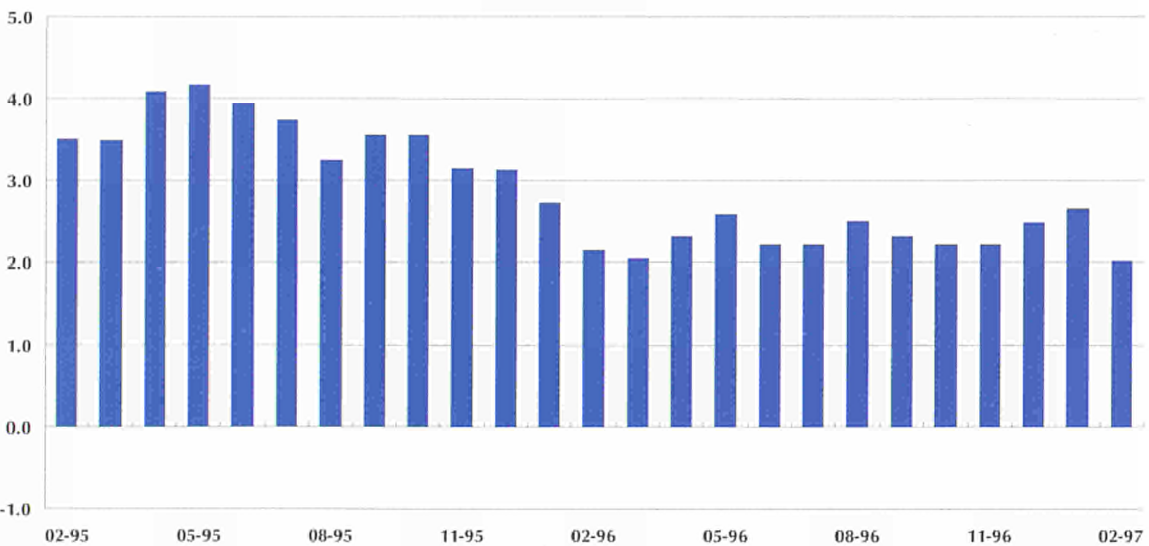
Figure 2.9

TRIAD comparison of annual growth rates of producer prices for total industry, in national currency (%)

Japan



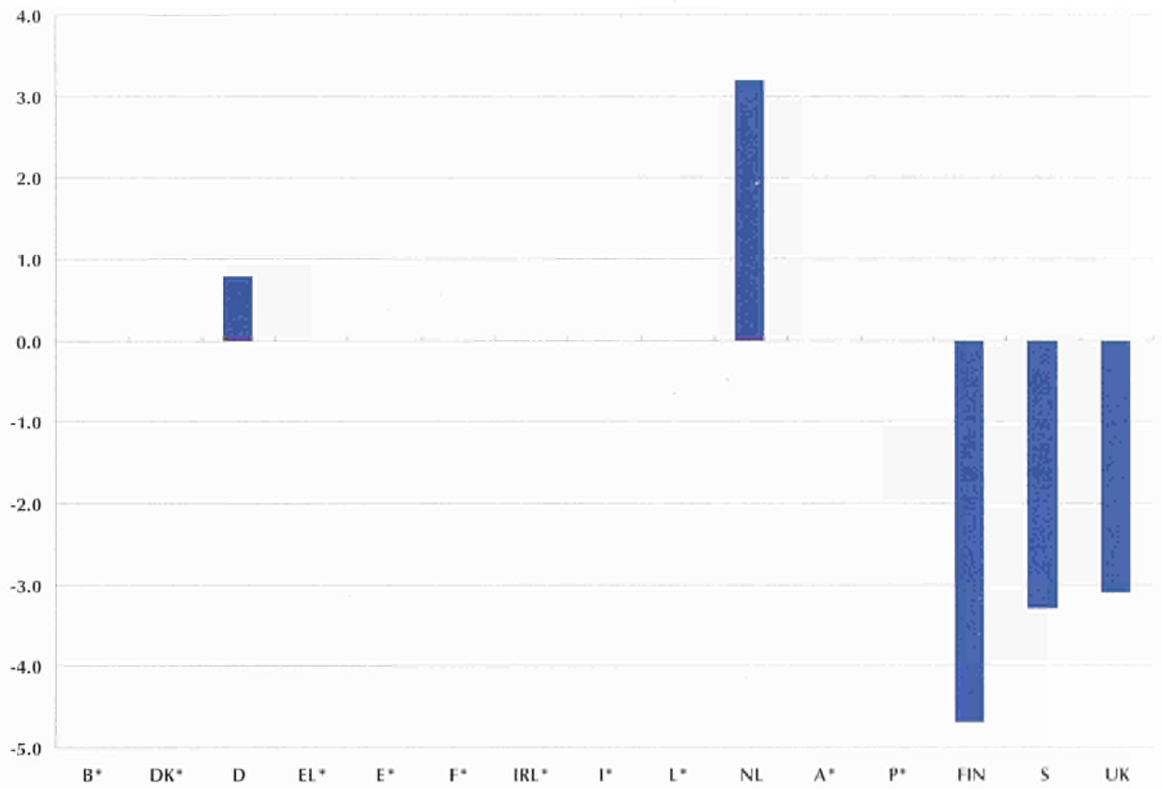
USA



Source: eurostat

Figure 2.10

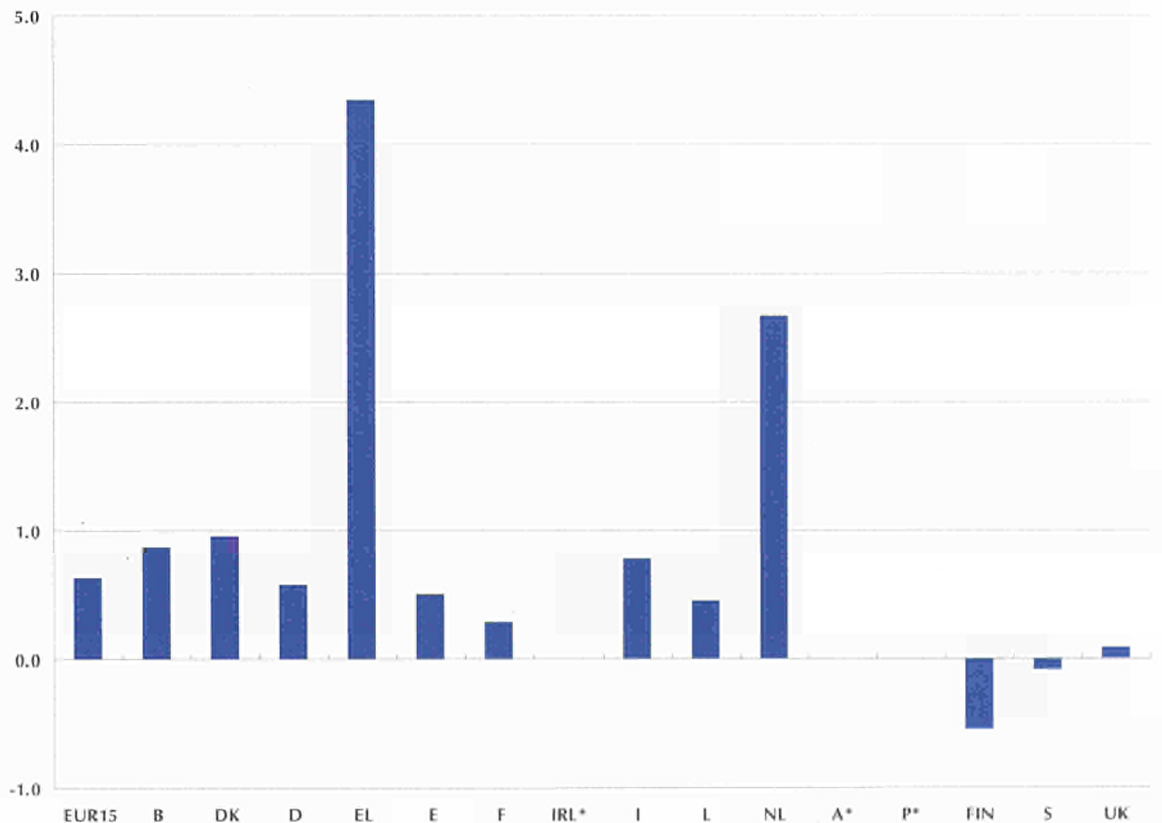
Annual growth rates of export prices for manufacturing industry, in national currency, Feb-97 (1990 = 100)



Source: eurostat

Figure 2.11

Annual growth rates of the producer price index of total industry, in national currency, Feb-97 (%)



Source: eurostat

DOMESTIC PRODUCER PRICE INDEX

Table 2.8

	1994	1995	1996	09-96	10-96	11-96	12-96	01-97	02-97
EUR15	108.2	112.4	113.3	113.3	113.6	113.7	114.0	114.3	114.1
B	99.5	101.7	102.4	102.8	103.2	102.6	102.8	102.8	103.0
DK	99.7	103.4	105.1	105.5	105.6	105.4	105.6	105.1	105.4
D	104.7	106.5	106.0	106.1	106.3	106.3	106.3	106.6	106.6
EL	156.6	171.4	184.1	186.4	188.0	187.7	188.0	188.9	188.9
E	109.8	116.8	118.7	118.7	119.1	119.3	119.4	119.4	119.3
F	100.9	103.1	103.6	103.8	103.8	103.6	103.6	103.9	103.8
IRL	107.6	111.6	113.6	114.1	113.5	113.3	113.1	:	:
I	113.3	122.2	124.5	124.5	124.8	125.0	125.0	125.4	125.4
L	107.2	110.8	110.4	110.6	110.7	110.2	110.2	110.7	111.0
NL	101.0	104.0	105.8	106.6	106.8	106.4	106.6	107.7	107.6
A	:	:	:	:	:	:	:	:	:
P	112.3	116.6	120.2	120.3	120.6	120.8	121.7	:	:
FIN	105.8	107.7	107.6	107.2	107.6	107.4	107.8	107.7	108.1
S	108.6	117.3	118.0	118.1	118.3	117.8	117.6	117.7	118.0
UK	114.2	118.5	119.4	118.7	119.2	120.0	121.4	121.6	120.7
Japan	96.8	96.1	95.4	95.1	95.1	95.2	95.3	95.3	95.3
USA	103.6	107.3	109.8	110.2	110.1	110.2	110.8	111.5	110.7

Indices of
producer prices for
total industry,
in national currency
(1990 = 100)

Source:  eurostat

Table 2.9

	1994	1995	1996	09-96	10-96	11-96	12-96	01-97	02-97
EUR15	102.4	104.2	106.5	106.7	107.4	107.7	108.2	108.8	108.7
B	106.4	112.0	110.5	110.9	110.5	109.4	109.1	108.6	108.5
DK	103.8	110.9	112.2	112.6	112.6	111.7	111.7	111.1	111.2
D	111.6	116.6	113.9	113.9	113.4	113.0	112.4	112.2	112.0
EL	109.6	114.0	121.5	123.6	125.6	124.3	123.5	124.6	124.5
E	89.4	92.8	95.6	95.3	95.2	95.0	94.6	94.4	93.3
F	106.0	109.2	110.3	110.3	110.4	109.6	109.3	109.2	108.9
IRL	104.2	105.0	110.0	110.6	109.4	110.4	111.0	:	:
I	90.1	87.3	96.8	98.2	99.0	98.4	99.6	100.2	98.9
L	114.7	121.9	119.2	119.2	118.6	117.5	116.9	116.8	116.9
NL	108.1	114.5	114.3	115.0	114.5	113.6	113.2	113.7	113.4
A	:	:	:	:	:	:	:	:	:
P	103.3	107.7	111.2	110.9	111.8	112.1	113.4	:	:
FIN	83.1	91.6	89.6	90.3	90.8	89.7	90.3	90.1	90.4
S	89.2	94.7	104.3	105.4	107.1	104.7	103.7	103.2	102.8
UK	105.1	102.0	104.9	104.1	107.2	111.5	115.3	118.5	120.1
Japan	146.5	144.2	126.9	125.2	123.4	121.9	122.9	122.1	122.1
USA	110.9	104.2	109.9	110.3	111.2	109.7	112.6	116.5	120.7

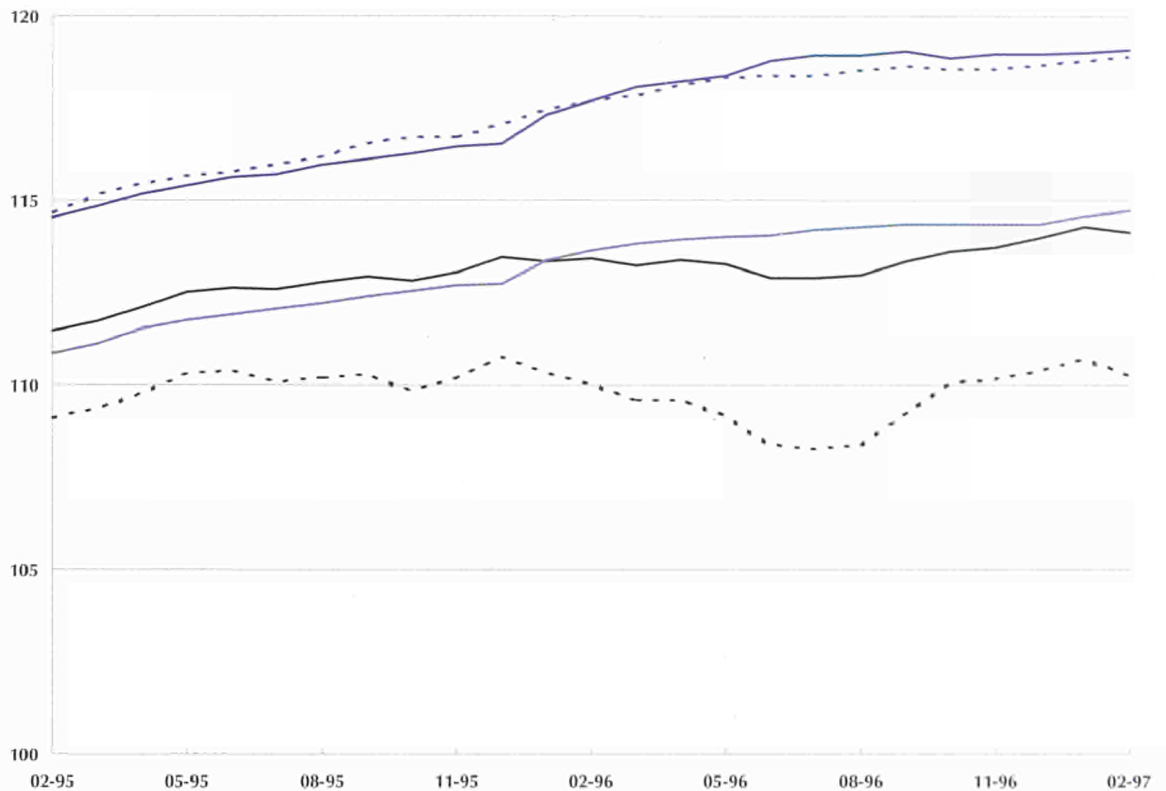
Indices of
producer prices for
total industry,
in ECU terms
(1990 = 100)

Source:  eurostat

DOMESTIC PRODUCER PRICE INDEX

Figure 2.12

EUR15 producer price index by main industrial grouping, in national currency (1990 = 100)



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

Source: eurostat

Table 2.10

TRIAD comparison of indices of producer prices for the main industrial groupings, in national currency (1990 = 100)

	1994	1995	1996	09-96	10-96	11-96	12-96	01-97	02-97
Total industry									
EUR15	108.2	112.4	113.3	113.3	113.6	113.7	114.0	114.3	114.1
Japan	96.8	96.1	95.4	95.1	95.1	95.2	95.3	95.3	95.3
USA	103.6	107.3	109.8	110.2	110.1	110.2	110.8	111.5	110.7
Intermediate goods									
EUR15	104.9	109.9	109.5	109.2	110.1	110.2	110.4	110.7	110.3
Japan	:	:	:	:	:	:	:	:	:
USA	:	:	:	:	:	:	:	:	:
Capital goods									
EUR15	109.1	111.9	114.1	114.4	114.4	114.3	114.4	114.6	114.7
Japan	:	:	:	:	:	:	:	:	:
USA	:	:	:	:	:	:	:	:	:
Consumer durables									
EUR15	112.7	115.6	118.5	119.0	118.9	119.0	119.0	119.0	119.1
Japan	:	:	:	:	:	:	:	:	:
USA	:	:	:	:	:	:	:	:	:
Consumer non-durables									
EUR15	112.5	115.9	118.3	118.6	118.6	118.6	118.7	118.8	118.9
Japan	:	:	:	:	:	:	:	:	:
USA	:	:	:	:	:	:	:	:	:

Source: eurostat

DOMESTIC PRODUCER PRICE INDEX

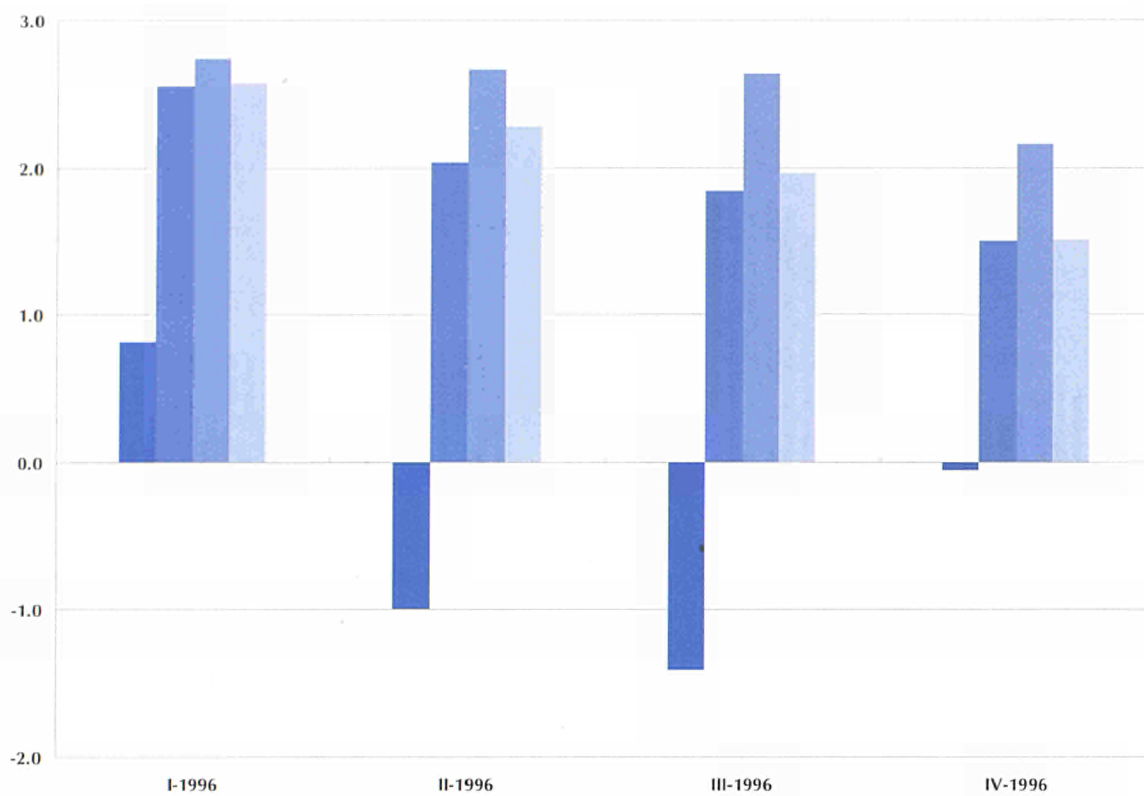


Figure 2.13

EUR15 annual growth rates of producer prices for the main industrial groupings (%)

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

Source: eurostat

	Latest month available	Total industry	Intermediate goods	Capital goods	Consumer durables	Consumer non-durables
--	------------------------	----------------	--------------------	---------------	-------------------	-----------------------

EUR15	02-97	0.6	0.2	1.0	1.2	1.0
B	02-97	0.9	0.6	0.4	:	1.0
DK	02-97	1.0	0.9	2.5	1.7	0.2
D	02-97	0.6	0.6	0.6	1.0	0.7
EL	02-97	4.3	4.0	7.2	4.5	4.3
E	02-97	0.5	-0.1	1.5	1.8	1.0
F	02-97	0.3	-0.1	-0.8	-0.6	0.9
IRL	12-96	0.8	:	:	:	-0.3
I	02-97	0.8	0.8	1.9	2.5	0.5
L	02-97	0.5	-4.4	1.0	0.1	0.4
NL	02-97	2.7	2.8	0.9	0.5	1.0
A		:	:	:	:	:
P	12-96	3.2	3.4	:	:	2.9
FIN	03-97	0.3	0.0	-0.3	-1.7	1.4
S	03-97	0.3	-2.2	0.6	2.0	1.9
UK	03-97	0.6	-0.6	1.5	0.9	1.0

Table 2.11

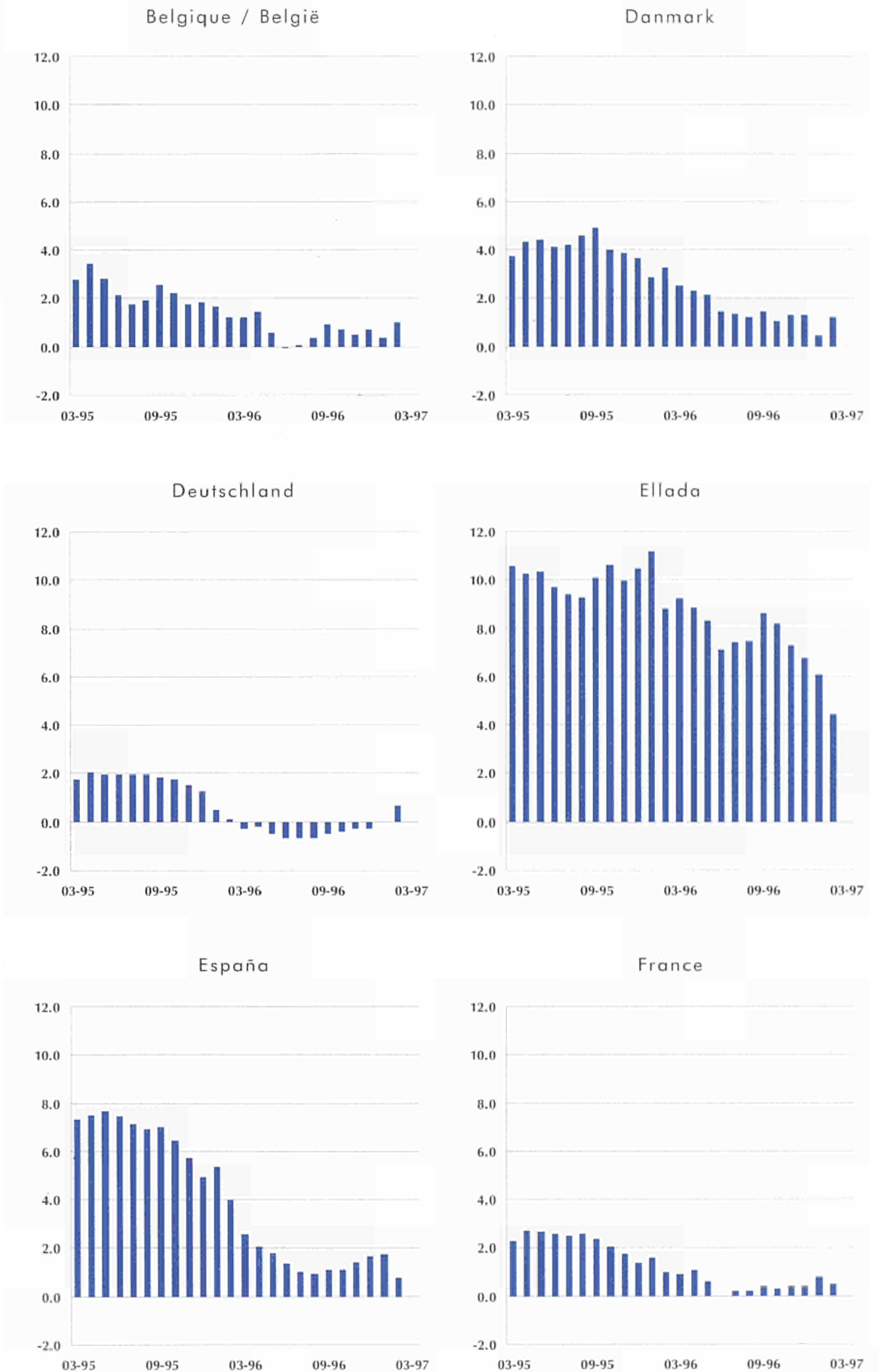
Annual growth rates of the producer price index of the main industrial groupings, in national currency (%)

Japan	02-97	-0.3	:	:	:	:
USA	02-97	2.0	:	:	:	:

Source: eurostat

Figure 2.14

Annual growth rates of producer prices for total industry, in national currency (%)



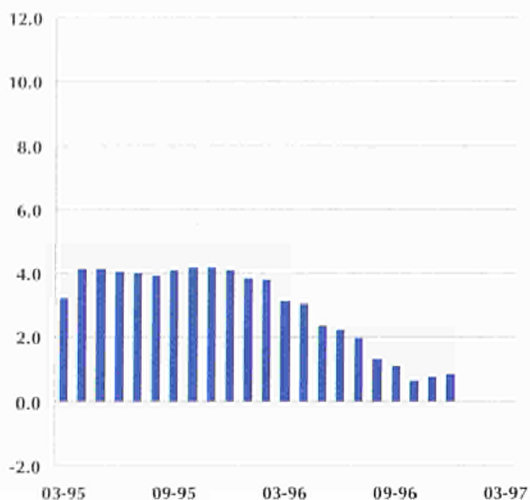
Source: eurostat

DOMESTIC PRODUCER PRICE INDEX

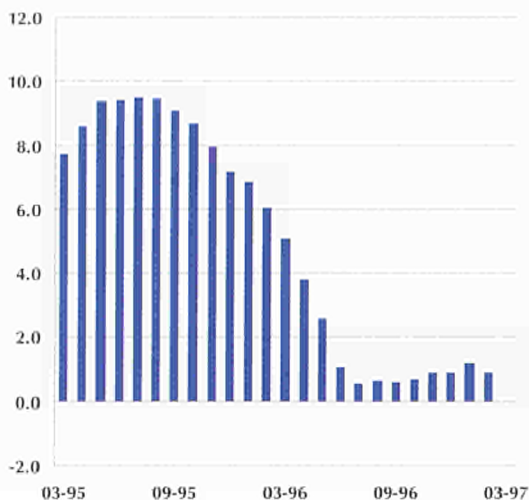
Figure 2.14

Annual growth rates of producer prices for total industry, in national currency (%)

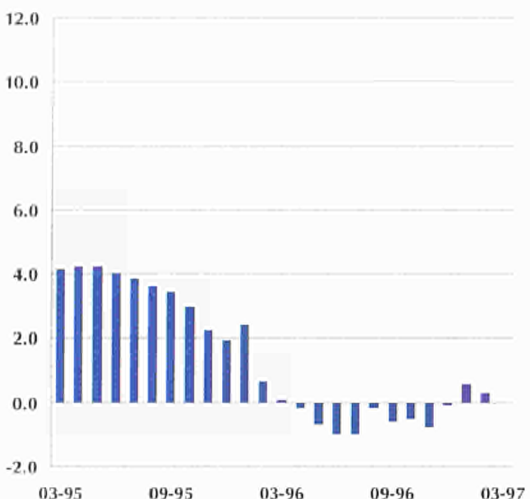
Ireland



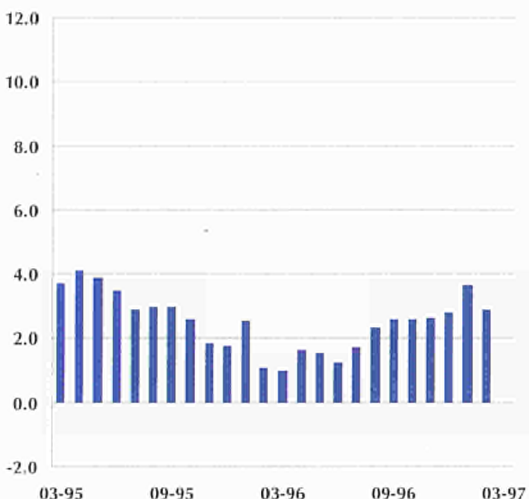
Italia



Luxembourg



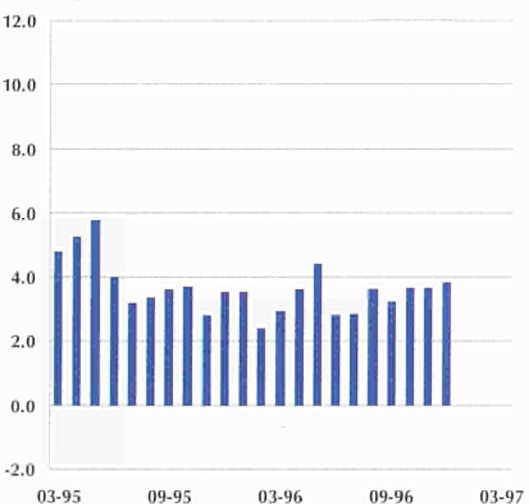
Nederland



Österreich

Not available

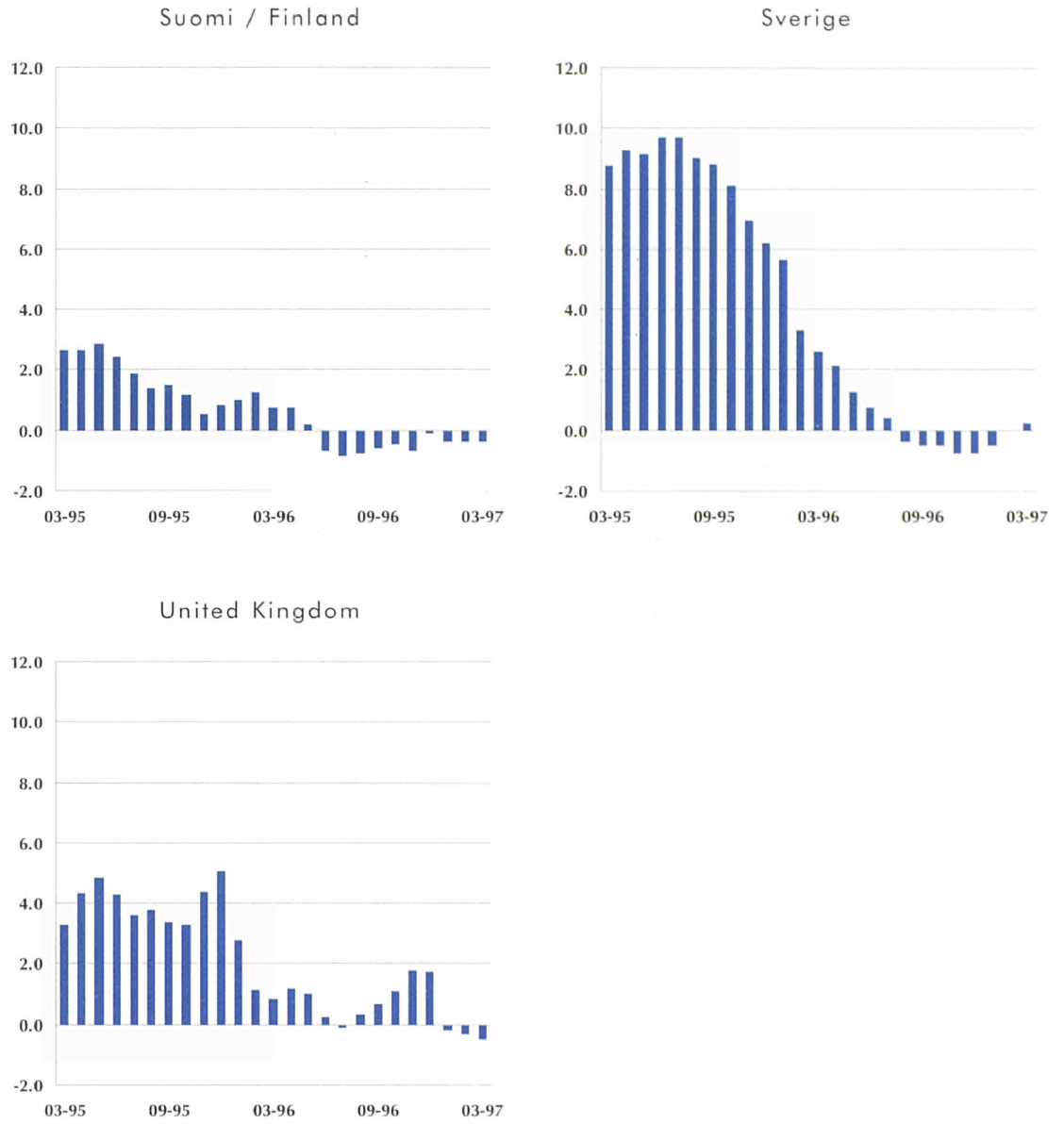
Portugal



Source: eurostat

Figure 2.14

Annual growth rates of producer prices for total industry, in national currency (%)



Further information - price indices:

The index of producer prices shows (in the national currency of the Member State in question) changes in the ex-works selling prices of all products sold on the domestic market. Since we deal with producer prices, imports are not included in these price indices. The Community indices (EUR13, since there are no producer price indices for Portugal and Austria) refer to overall weighted price changes. Producer price indices are not seasonally adjusted.

The system used for the collection of export price indices is a duplicate of the model for domestic producer price indices.

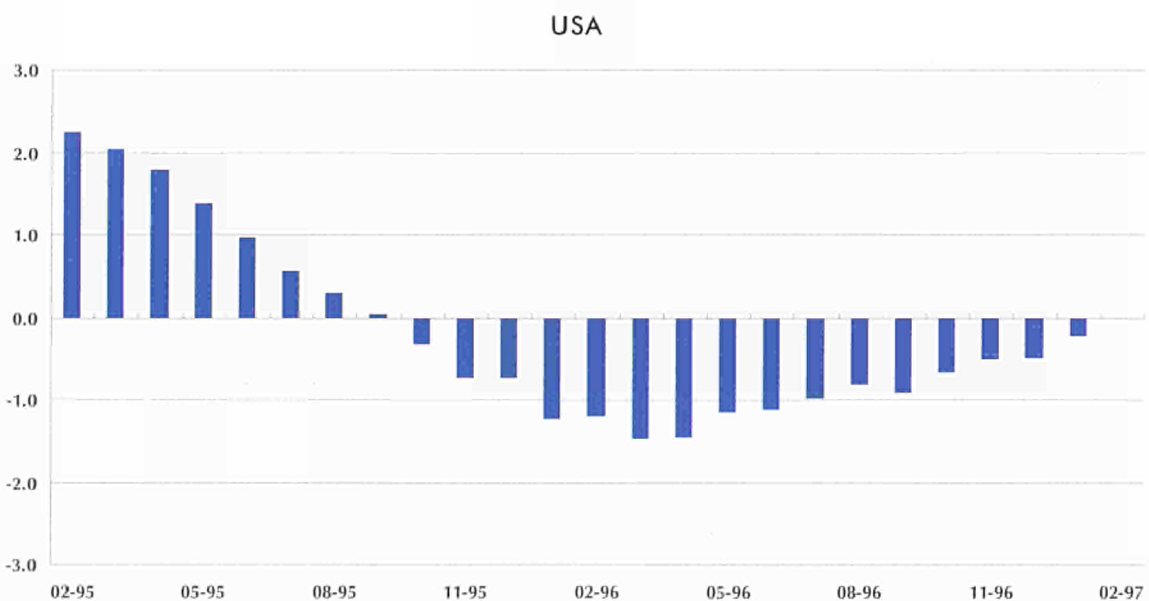
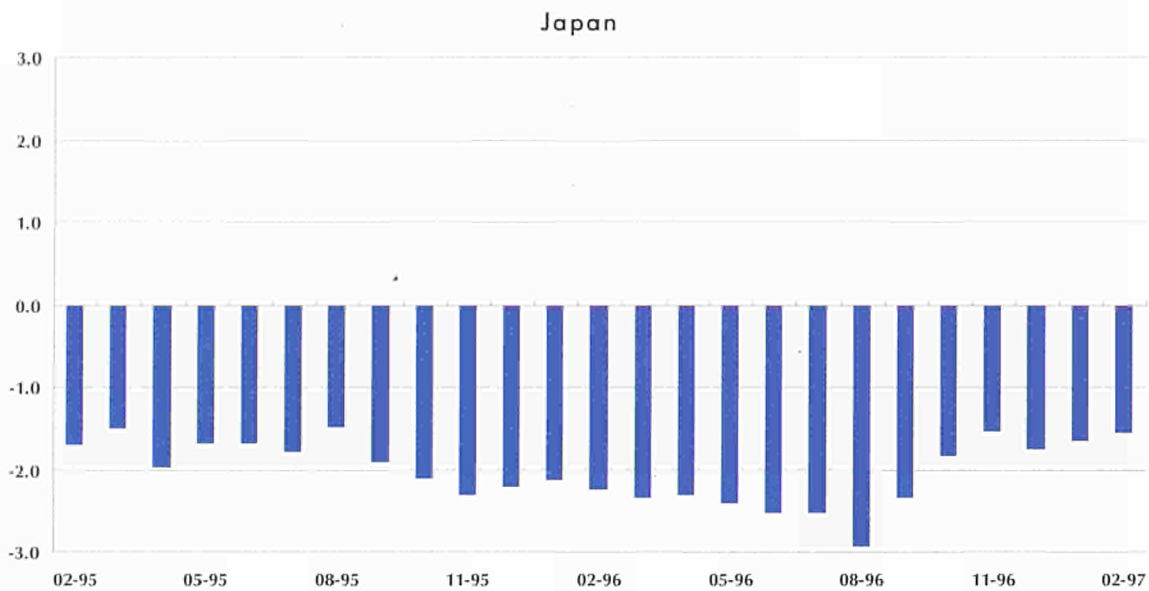
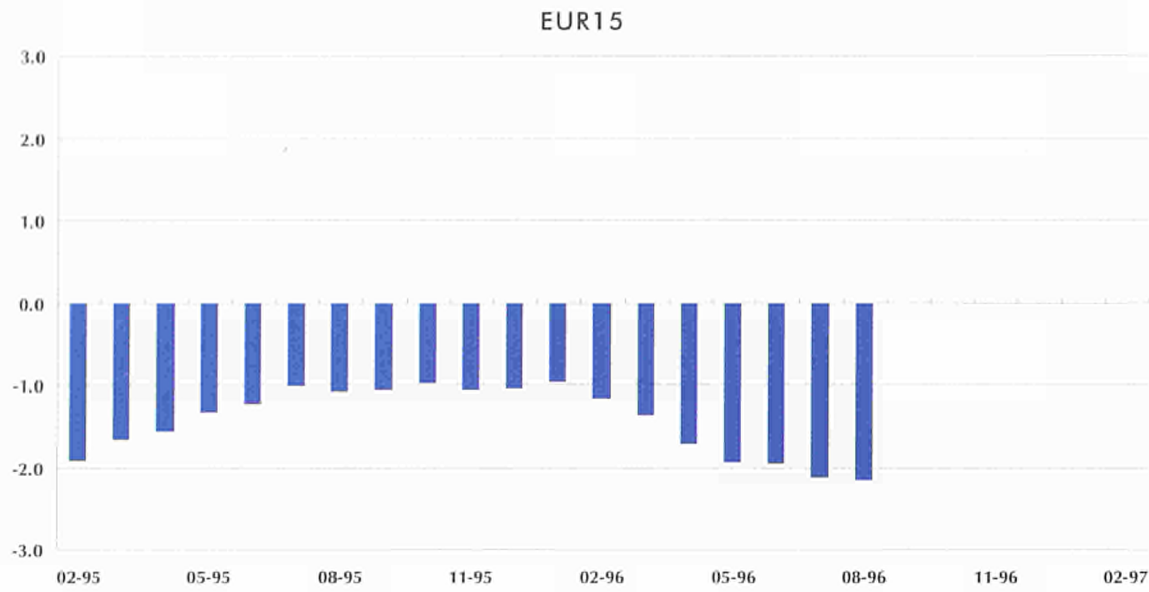
All data from Ireland is converted to NACE Rev.1 from the old classification NACE 1970 and is therefore less reliable.

Full methodological notes may be found on page 71.

EMPLOYMENT INDEX - GROSS DATA

Figure 2.15

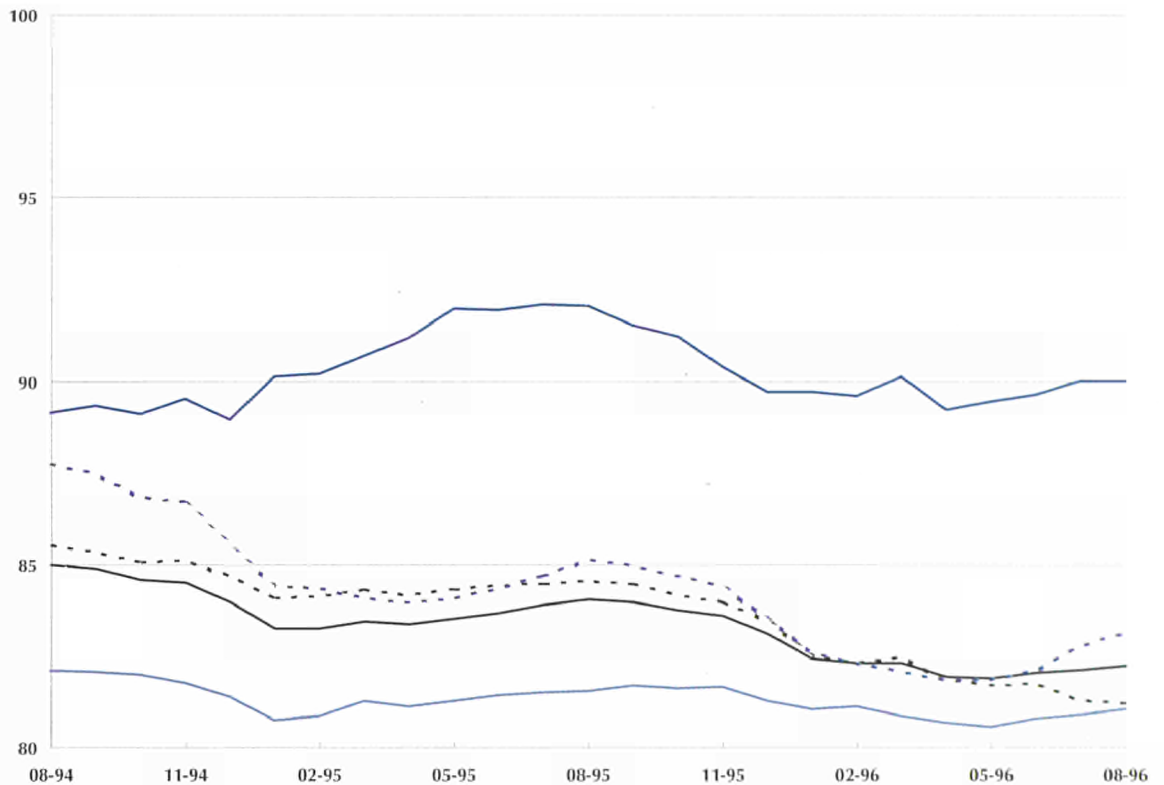
TRIAD comparison of annual growth rates of employment for total industry, gross data (%)



Source: eurostat

Figure 2.16

EUR15 employment index by main industrial grouping, trend cycle (1990 = 100)



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

Source: 

Table 2.12

Three month on three month growth rates for the employment index of the main industrial groupings, trend cycle (%)

	Latest 3 months available	Total industry	Intermediate goods	Capital goods	Consumer durables	Consumer non-durables
EUR15	06-96 ⇄ 08-96	-0.6	-1.3	-0.1	-0.4	-0.6
B	11-96 ⇄ 01-97	0.0	-0.1	0.1	:	:
DK	10-93 ⇄ 12-93	0.2	0.6	-0.3	:	0.0
D	09-96 ⇄ 11-96	-1.3	-1.8	-1.1	-1.9	-0.9
EL	01-96 ⇄ 03-96	-0.7	-1.7	-3.2	-1.3	0.1
E	07-96 ⇄ 09-96	2.0	1.0	4.0	2.7	0.7
F	10-96 ⇄ 12-96	-0.4	-0.7	0.1	-0.6	-0.7
IRL	07-96 ⇄ 09-96	1.1	0.9	0.7	:	:
I	06-96 ⇄ 08-96	-0.5	-1.1	-0.4	0.4	-0.9
L	11-96 ⇄ 01-97	-0.4	-1.2	0.3	-2.5	0.0
NL	10-94 ⇄ 12-94	-0.3	-0.7	:	:	-0.7
A	10-95 ⇄ 12-95	-1.0	-0.9	-0.8	1.9	-2.7
P	10-96 ⇄ 12-96	-0.9	-0.4	-1.3	-0.2	-1.0
FIN	⇄	:	:	:	:	:
S	10-96 ⇄ 12-96	-0.8	:	:	:	:
UK	12-96 ⇄ 02-97	0.0	0.3	0.2	-2.0	0.5
Japan	12-96 ⇄ 02-97	-0.3	:	:	:	:
USA	11-96 ⇄ 01-97	0.1	:	:	:	:

Source: 

EMPLOYMENT INDEX - GROSS DATA

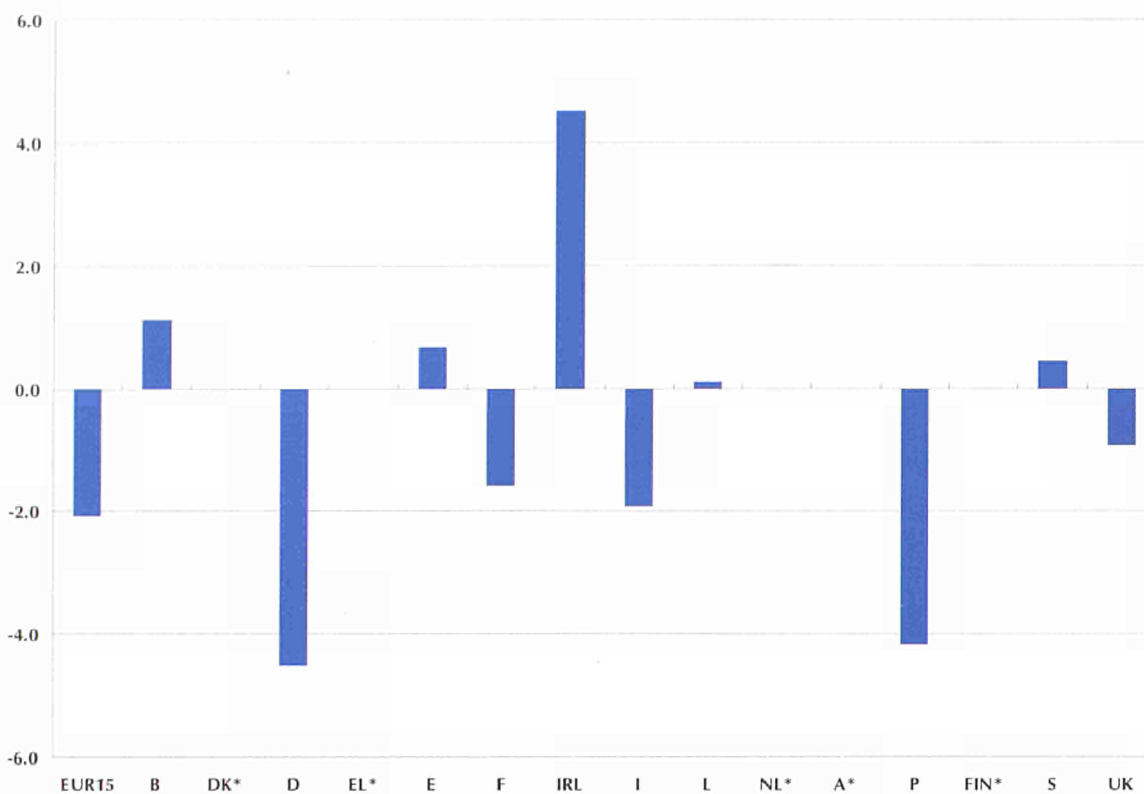


Figure 2.17

Annual growth rates for the employment index of total industry, based on changes from the corresponding three months of the previous year, gross data, June-96 to Aug-96 (%)

Source: eurostat

Latest 3 months available

Total industry

Intermediate goods

Capital goods

Consumer durables

Consumer non-durables

Table 2.13

	Latest 3 months available		Total industry	Intermediate goods	Capital goods	Consumer durables	Consumer non-durables
EUR15	06-96	⇒ 08-96	-2.1	-3.6	-0.7	-2.3	-2.4
B	11-96	⇒ 01-97	-0.5	-0.3	1.0	:	:
DK	10-93	⇒ 12-93	-4.0	-3.4	-7.5	:	-1.6
D	09-96	⇒ 11-96	-4.8	-6.5	-3.6	-8.3	-3.5
EL	01-96	⇒ 03-96	-2.0	-1.6	4.1	-4.2	-3.8
E	10-96	⇒ 12-96	1.4	-0.8	3.6	4.2	1.1
F	10-96	⇒ 12-96	-1.8	-2.3	-0.7	-2.4	-2.3
IRL	07-96	⇒ 09-96	4.6	5.3	8.6	:	:
I	06-96	⇒ 08-96	-1.9	-4.3	-2.0	1.3	-3.7
L	11-96	⇒ 01-97	-1.1	-1.3	2.1	-6.7	-3.2
NL	10-94	⇒ 12-94	-2.8	:	:	:	-4.4
A	10-95	⇒ 12-95	-2.0	-0.9	-5.3	7.5	-11.8
P	10-96	⇒ 12-96	-4.3	-4.1	-3.8	2.2	-5.3
FIN		⇒	:	:	:	:	:
S	10-96	⇒ 12-96	-1.4	:	:	:	:
UK	12-96	⇒ 02-97	-0.9	-2.3	0.5	-4.6	0.3
Japan	12-96	⇒ 02-97	-1.7	:	:	:	:
USA	11-96	⇒ 01-97	-0.4	:	:	:	:

Annual growth rates for the employment index of the main industrial groupings, based on changes from the corresponding three months of the previous year, gross data (%)

Source: eurostat

Figure 2.18

EUR15 production and employment trends in construction, trend cycle (1990 = 100)

Total industry: production index —
 Construction: production index —
 Construction: employment index - - - -

Source: 

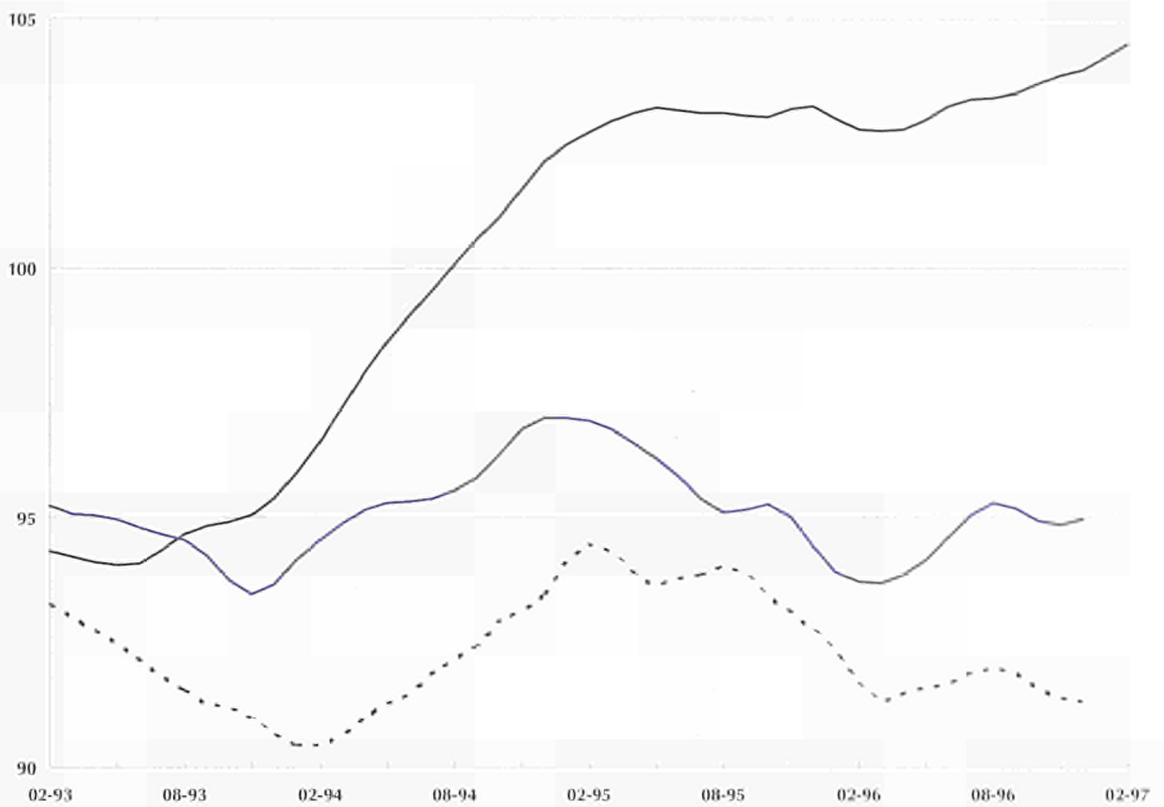
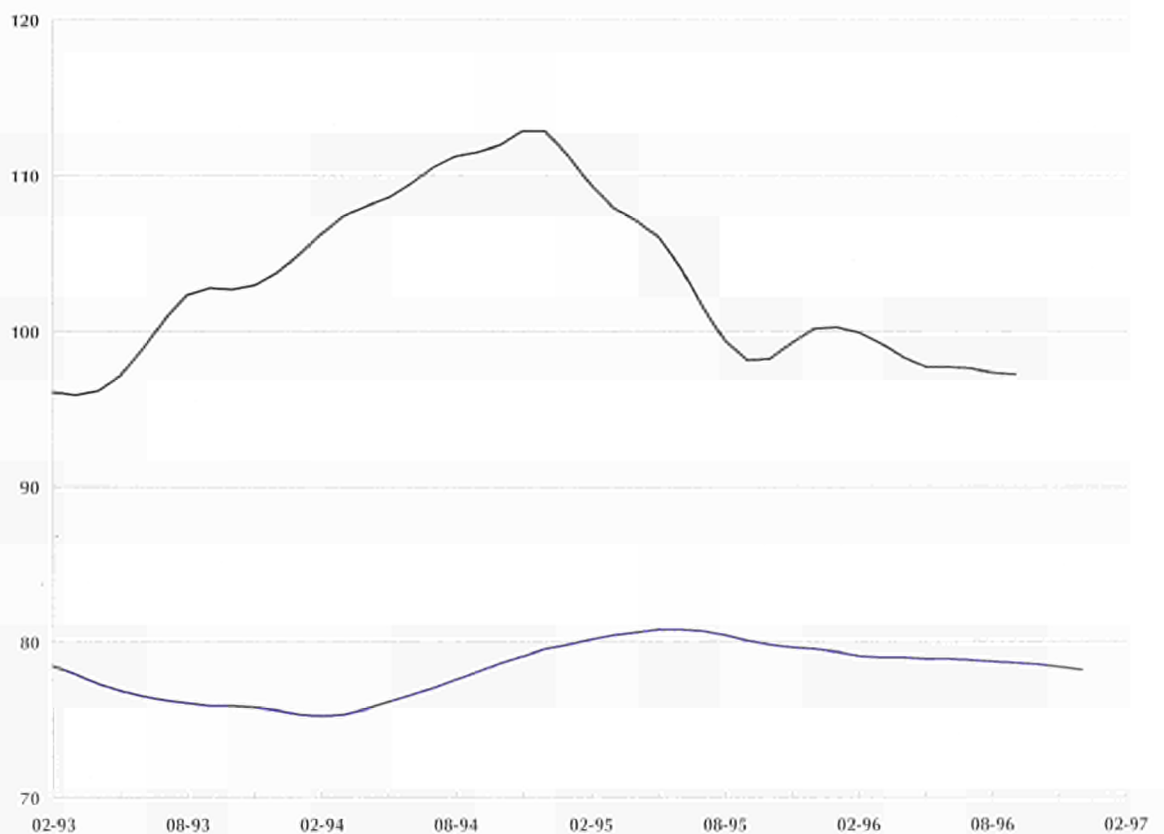


Figure 2.19

EUR15 building permits, trend cycle (1990 = 100)

Residential —
 Non-residential —

Source: 



PRODUCTION INDEX

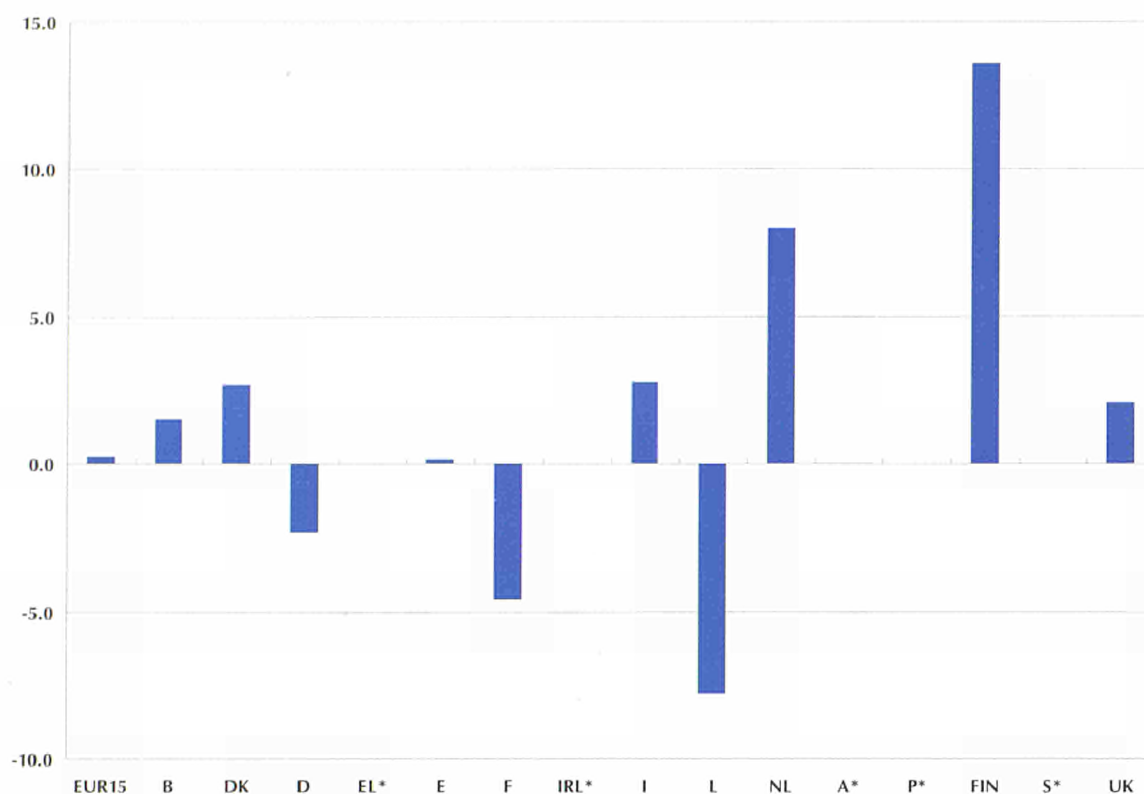


Figure 2.20

Annual growth rates for the production index of construction activity, based on changes from the corresponding three months of the previous year, w.d.adj., Oct-96 to Dec-96 (%)

Source: eurostat

	Latest 3 months available		Building t / t-1 t / t-4		Latest 3 months available		Civil engineering t / t-1 t / t-4	
EUR15	07-96	⇒ 09-96	0.2	0.2	10-96	⇒ 12-96	0.0	-3.1
B	09-94	⇒ 11-94	4.1	14.0	09-94	⇒ 11-94	6.2	24.4
DK	12-96	⇒ 02-97	-2.2	2.5	12-96	⇒ 02-97	-4.1	-1.8
D	12-96	⇒ 02-97	-2.1	9.0	12-96	⇒ 02-97	-4.4	7.0
EL		⇒	:	:		⇒	:	:
E	10-96	⇒ 12-96	-2.9	2.9	10-96	⇒ 12-96	-5.6	-4.4
F	12-96	⇒ 02-97	-3.8	-4.2	12-96	⇒ 02-97	-1.8	-3.8
IRL		⇒	:	:		⇒	:	:
I	10-96	⇒ 12-96	-1.1	1.1	10-96	⇒ 12-96	8.9	-1.0
L	11-96	⇒ 01-97	-1.5	-7.9	11-96	⇒ 01-97	-3.1	-9.7
NL	07-96	⇒ 09-96	2.6	-1.4		⇒	:	:
A		⇒	:	:		⇒	:	:
P		⇒	:	:		⇒	:	:
FIN	10-96	⇒ 12-96	1.9	15.5	10-96	⇒ 12-96	2.5	7.1
S		⇒	:	:		⇒	:	:
UK	07-96	⇒ 09-96	0.5	1.7	07-96	⇒ 09-96	-0.5	-5.4

Table 2.14

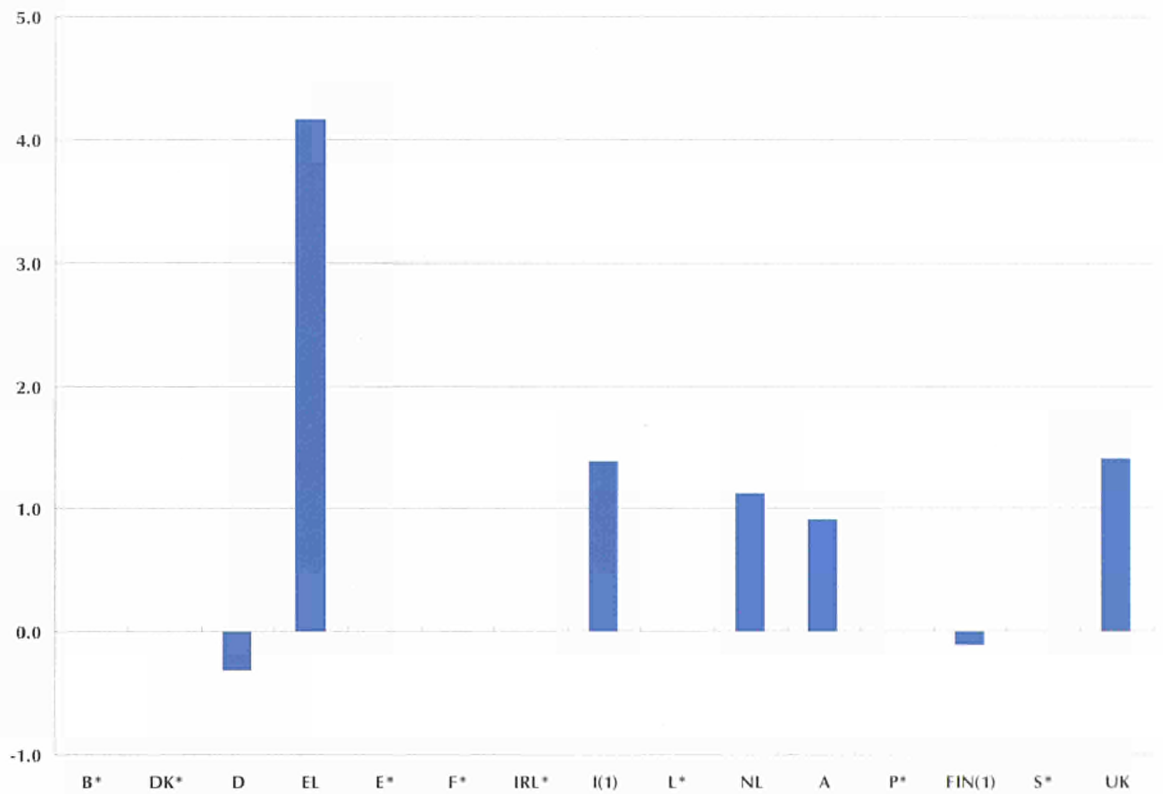
Latest growth rates for the production index of building and civil engineering (%)

Source: eurostat

PRICE INDICES FOR NEW RESIDENTIAL BUILDINGS

Figure 2.21

Annual growth rates of output prices for new residential buildings, based on changes from the corresponding quarter of the previous year, Jul-96 to Sep-96 (%)



(1) Input prices

Source: eurostat

Table 2.15

Output price indices for new residential buildings, quarterly data (1990 = 100)

	II-1995	III-1995	IV-1995	I-1996	II-1996	III-1996	IV-1996	I-1997
EUR15	:	:	:	:	:	:	:	:
B	:	:	:	:	:	:	:	:
DK (1)	115.1	116.0	116.8	117.6	:	:	:	:
D	124.5	124.6	124.5	124.2	124.2	124.1	123.8	:
EL	161.7	163.0	165.9	170.3	171.7	172.8	174.7	179.0
E	:	:	:	:	:	:	:	:
F	107.7	107.8	106.7	109.3	108.4	:	:	:
IRL (1)	115.7	116.5	117.5	117.4	:	:	:	:
I (1)	123.3	123.8	123.9	123.9	124.2	126.3	127.0	:
L	116.7	117.7	117.7	118.0	118.0	:	:	:
NL	118.0	119.0	119.0	121.0	121.0	121.0	:	:
A	120.0	120.5	120.5	121.2	121.8	122.1	:	:
P	:	:	:	:	:	:	:	:
FIN (1)	102.4	102.4	102.0	100.8	101.5	102.2	102.7	103.8
S	81.7	99.7	87.7	:	:	:	:	:
UK	101.4	102.1	102.4	102.5	102.9	104.0	105.0	:

(1) Input prices

Source: eurostat

BUILDING PERMITS - USEFUL FLOOR AREA

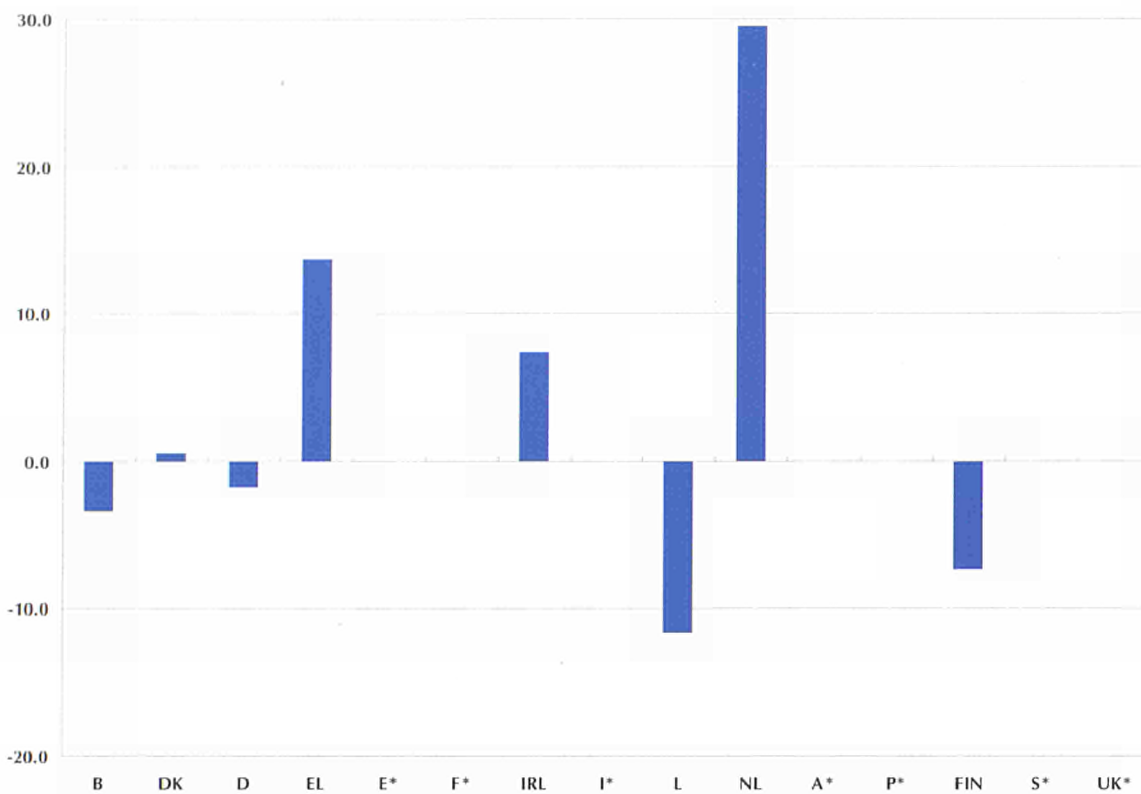


Figure 2.22

Annual growth rates of building permits (useful floor area), based on changes from the corresponding three months of the previous year, Sep-96 to Nov-96 (%)

Source: eurostat

	Latest 3 months available		Residential '000m ² 1990=100		Latest 3 months available		Non-residential '000m ² 1990=100			
EUR15	⇨		:	:	10-96	⇨	12-96	:	79.5	
B	10-96	⇨	12-96	2,096	82.6	10-96	⇨	12-96	1,750	68.9
DK	12-96	⇨	02-97	362	87.9	12-96	⇨	02-97	781	61.8
D	10-96	⇨	12-96	12,493	136.4	10-96	⇨	12-96	11,164	116.9
EL	10-94	⇨	12-94	3,054	84.0	10-94	⇨	12-94	1,098	81.8
E	08-96	⇨	10-96	9,242	91.2	08-96	⇨	10-96	1,621	53.0
F		⇨		:	:	10-96	⇨	12-96	7,787	59.4
IRL	10-96	⇨	12-96	1,115	147.4	10-96	⇨	12-96	602	84.2
I	04-96	⇨	06-96	3,144	65.7	04-96	⇨	06-96	5,281	73.2
L	12-96	⇨	02-97	:	92.3	12-96	⇨	02-97	:	72.4
NL	11-96	⇨	01-97	4,389	133.3	11-96	⇨	01-97	4,117	82.9
A		⇨		:	:		⇨		:	:
P		⇨		:	:		⇨		:	:
FIN	11-96	⇨	01-97	:	31.2	11-96	⇨	01-97	:	32.7
S		⇨		:	:		⇨		:	:
UK		⇨		:	:		⇨		:	:

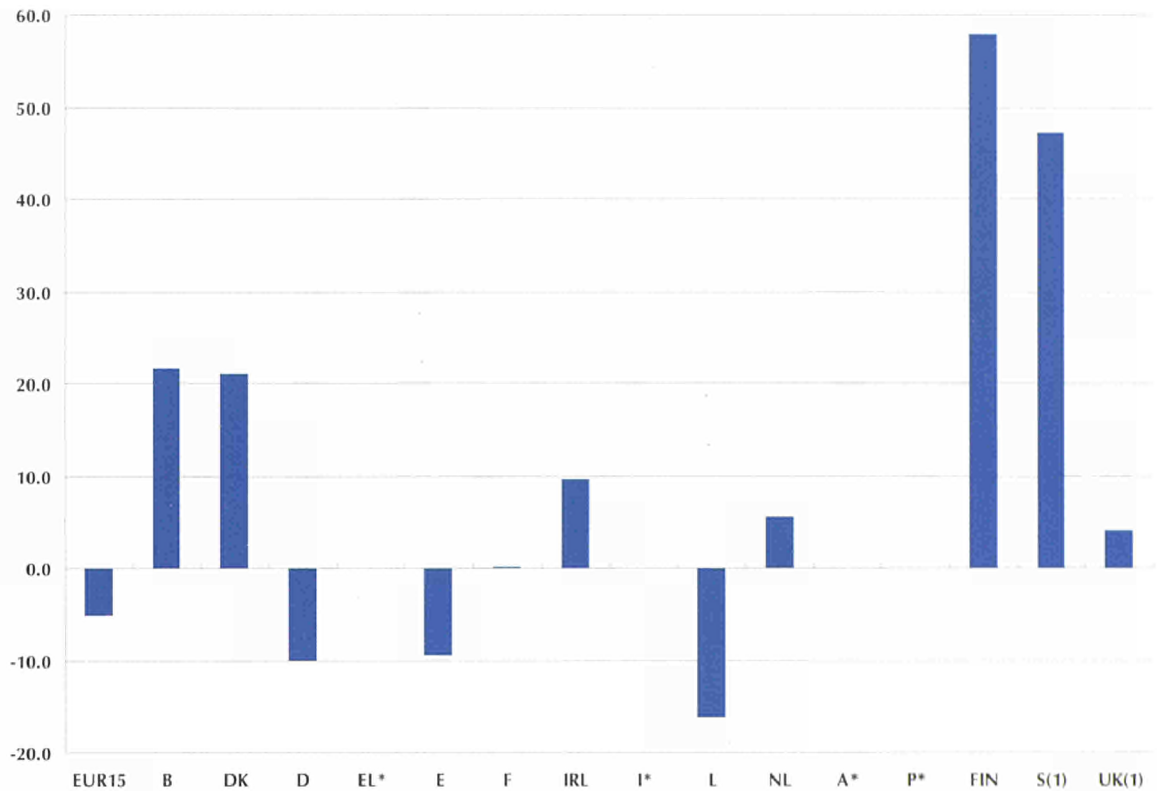
Table 2.16

Building permits (useful floor area) for residential and non-residential buildings (thousand square metres and indices)

Source: eurostat

Figure 2.23

Annual growth rates of building permits (no. of dwellings), based on changes from the corresponding three months of the previous year, Jul-96 to Sep-96 (%)



(1) Buildings starts

Source: eurostat

Table 2.17

Number of dwellings authorised (units)

	Latest year available	no. of dwellings	Latest month available	no. of dwellings	no. of dwellings per 1000 inhabitants	Index, 1990 = 100
EUR15		:	09-96	:	:	96.4
B	1996	48,707	12-96	4,005	0.40	92.0
DK	1996	15,809	02-97	1,163	0.22	73.0
D	1996	576,376	12-96	52,570	0.64	159.0
EL	1994	80,607	12-94	11,765	1.13	117.4
E	1995	282,530	10-96	24,695	0.63	126.9
F	1996	304,186	03-97	25,800	0.44	80.6
IRL	1996	34,864	12-96	2,718	0.76	147.8
I	1995	173,608	06-96	11,000	0.19	62.7
L	1996	2,797	02-97	204	0.50	64.5
NL	1996	102,119	01-97	6,164	0.40	82.4
A		:		:	:	:
P	1996	84,609	12-96	9,212	0.93	:
FIN	1996	24,966	01-97	1,535	0.30	31.4
S (1)	1995	12,044	09-96	699	0.08	12.0
UK (1)	1996	172,900	02-97	14,700	0.25	107.5

(1) Buildings starts

Source: eurostat

CAPACITY UTILISATION RATES

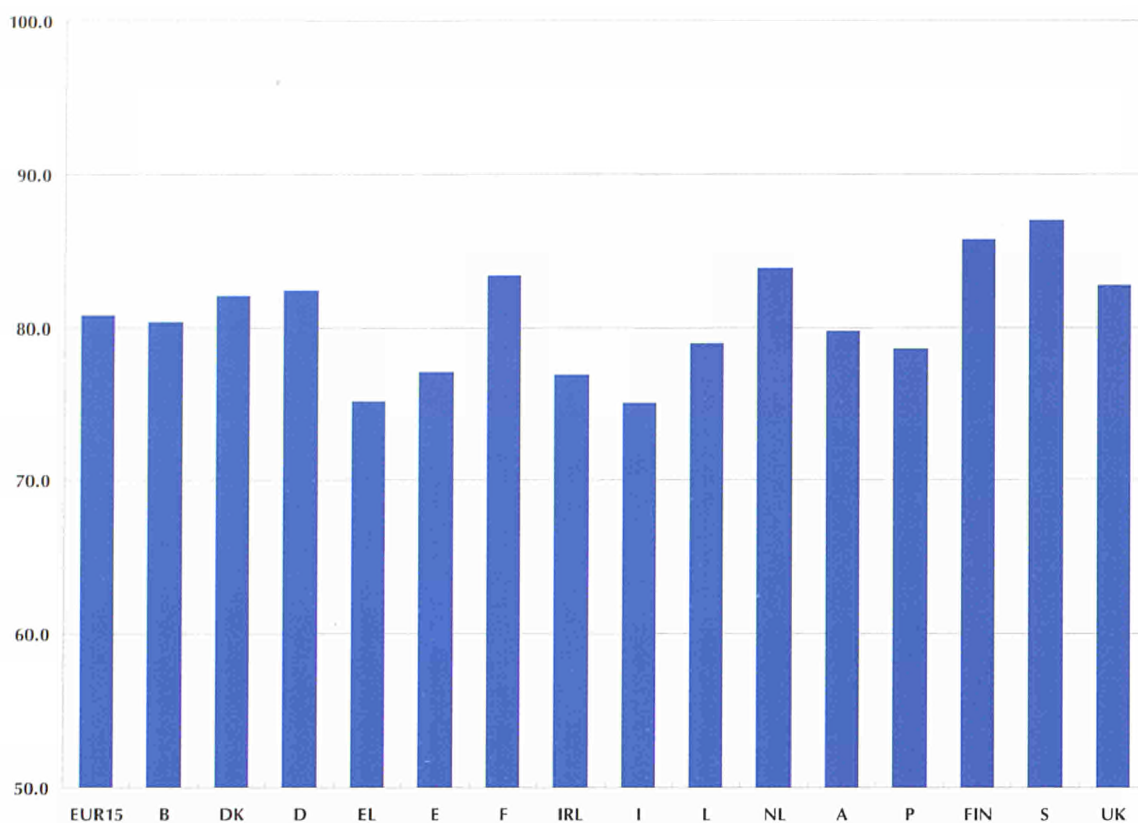


Figure 2.24

Capacity utilisation rates for total industry, first quarter 1997 (%)

Source: DG II, Business Survey

Annual growth rate:
latest quarter, t / t-4

II-1996

III-1996

IV-1996

I-1997

Table 2.18

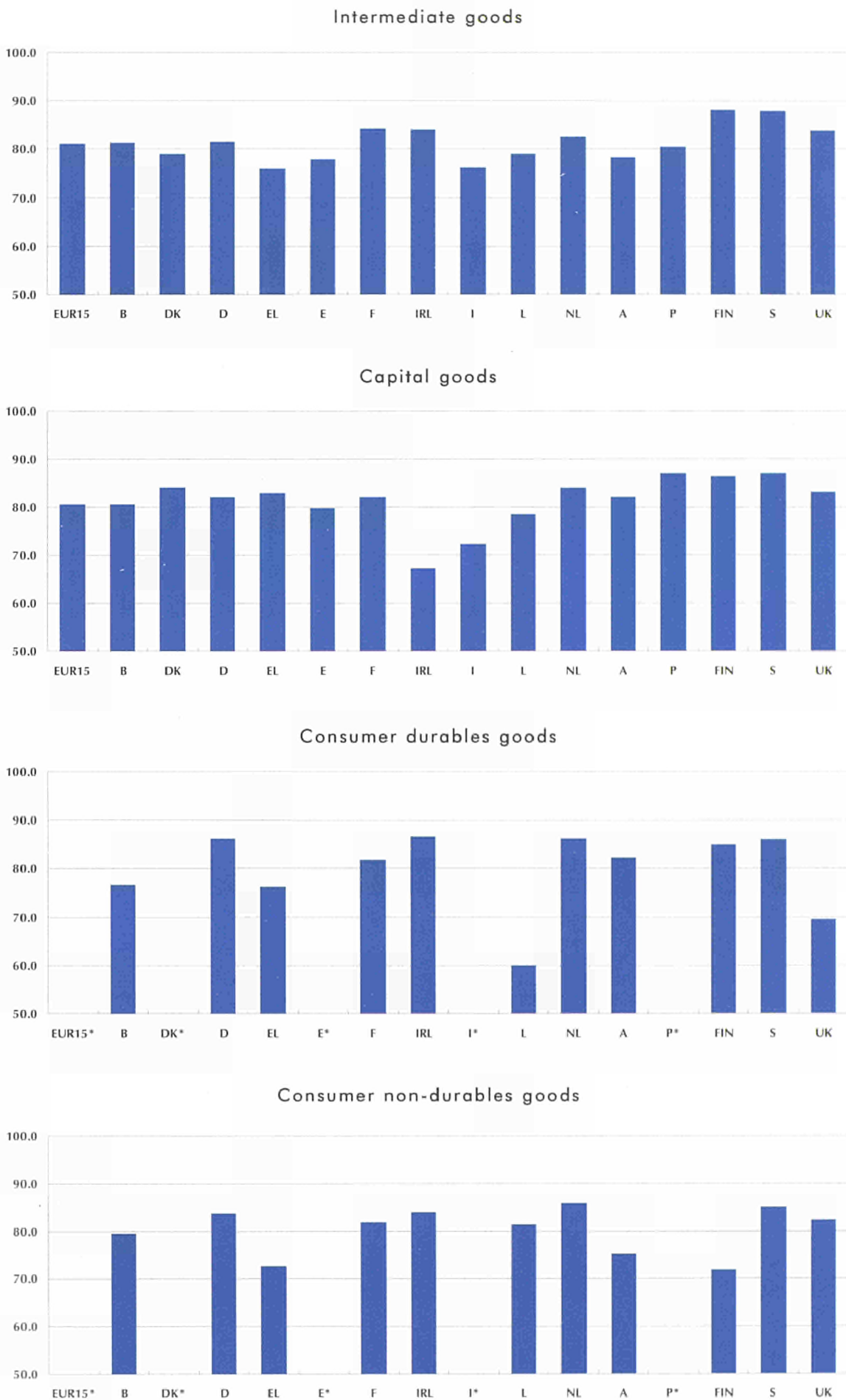
	Annual growth rate: latest quarter, t / t-4	II-1996	III-1996	IV-1996	I-1997
EUR15	-1.3	80.7	81.1	81.2	80.8
B	2.0	79.1	79.7	80.3	80.3
DK	1.2	80.0	82.0	82.0	82.0
D	-1.0	82.0	82.6	82.8	82.4
EL	-1.4	73.5	75.1	77.2	75.2
E	-0.5	76.1	77.1	77.6	77.1
F	-0.7	83.8	83.4	83.0	83.4
IRL	-6.3	74.4	76.3	75.8	76.9
I	-4.3	76.0	75.8	75.6	75.1
L	0.3	80.7	79.0	77.6	79.0
NL	0.2	83.5	84.2	84.4	83.8
A	-0.5	78.6	80.6	81.4	79.8
P	2.1	76.8	78.2	76.6	78.6
FIN	2.0	81.2	83.0	85.0	85.7
S	:	85.0	85.0	85.0	87.0
UK	-0.1	82.1	82.4	83.0	82.8

Capacity utilisation rates for total industry (%)

Source: DG II, Business Survey

Figure 2.25

Capacity utilisation rates for the main industrial groupings, first quarter 1997 (%)



Source: DG II, Business Survey

FOREIGN TRADE INDICES - GROSS DATA

EUR15

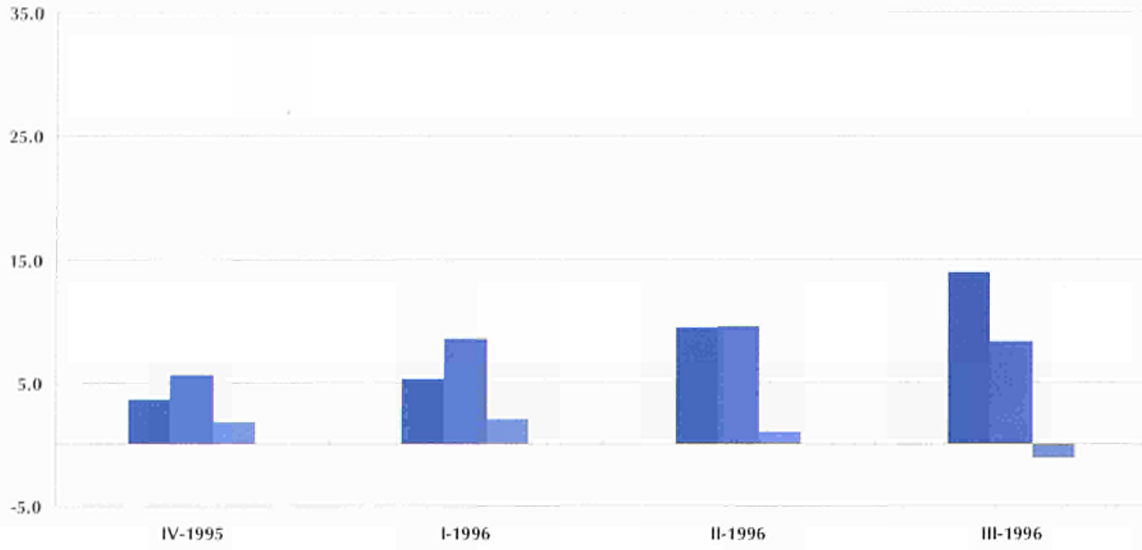
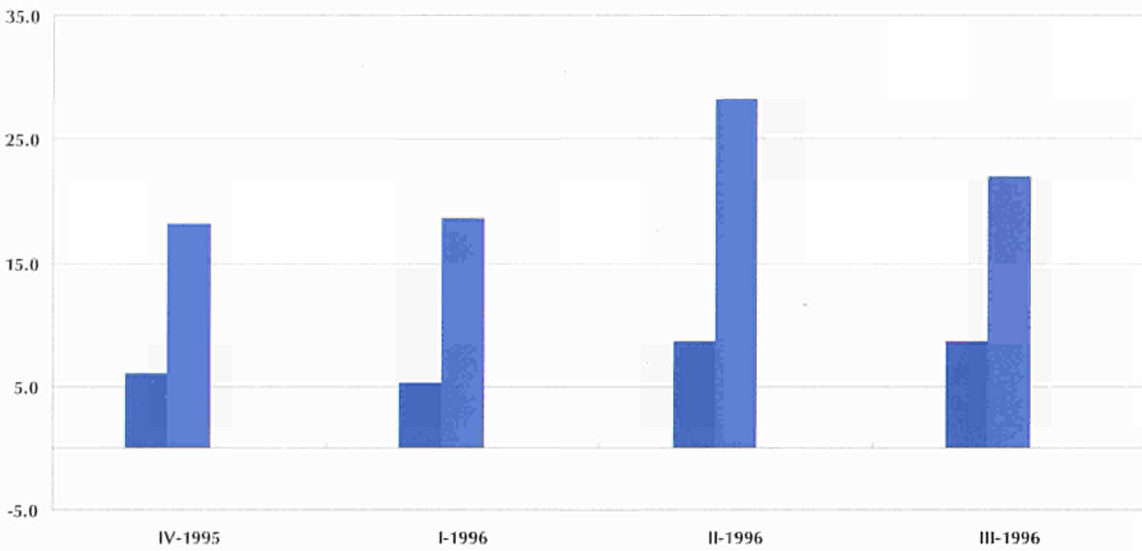


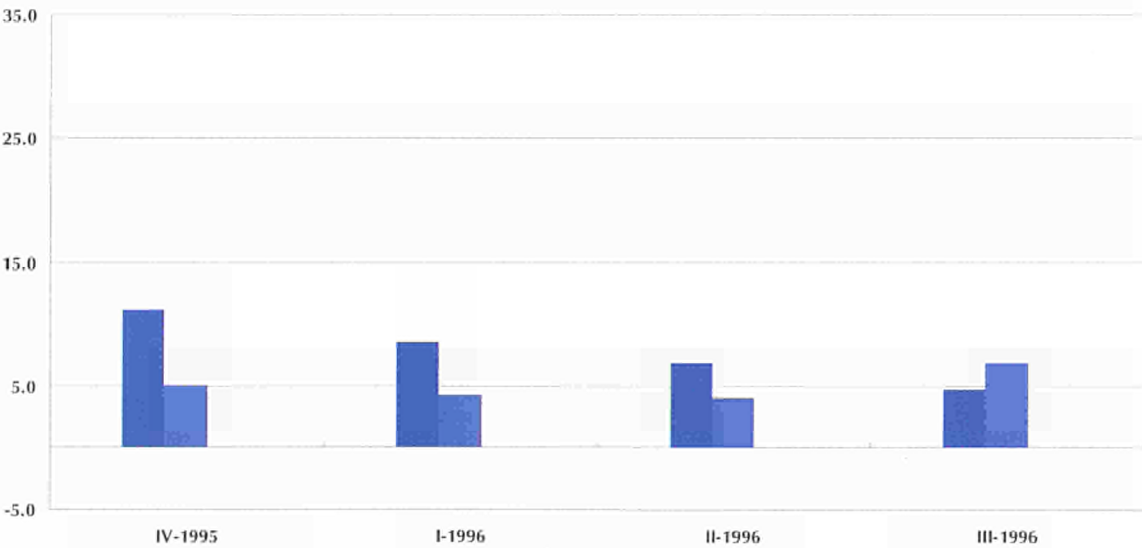
Figure 2.26

TRIAD comparison of foreign trade indices for total industry, based on changes from the corresponding quarter of the previous year, gross data (%)

Japan



USA



■ Export value
■ Import value
■ Terms of trade

Source: eurostat

Figure 2.27

EUR15 foreign trade indices for total industry, trend cycle, in ECU terms (1990 = 100)

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

Source: 

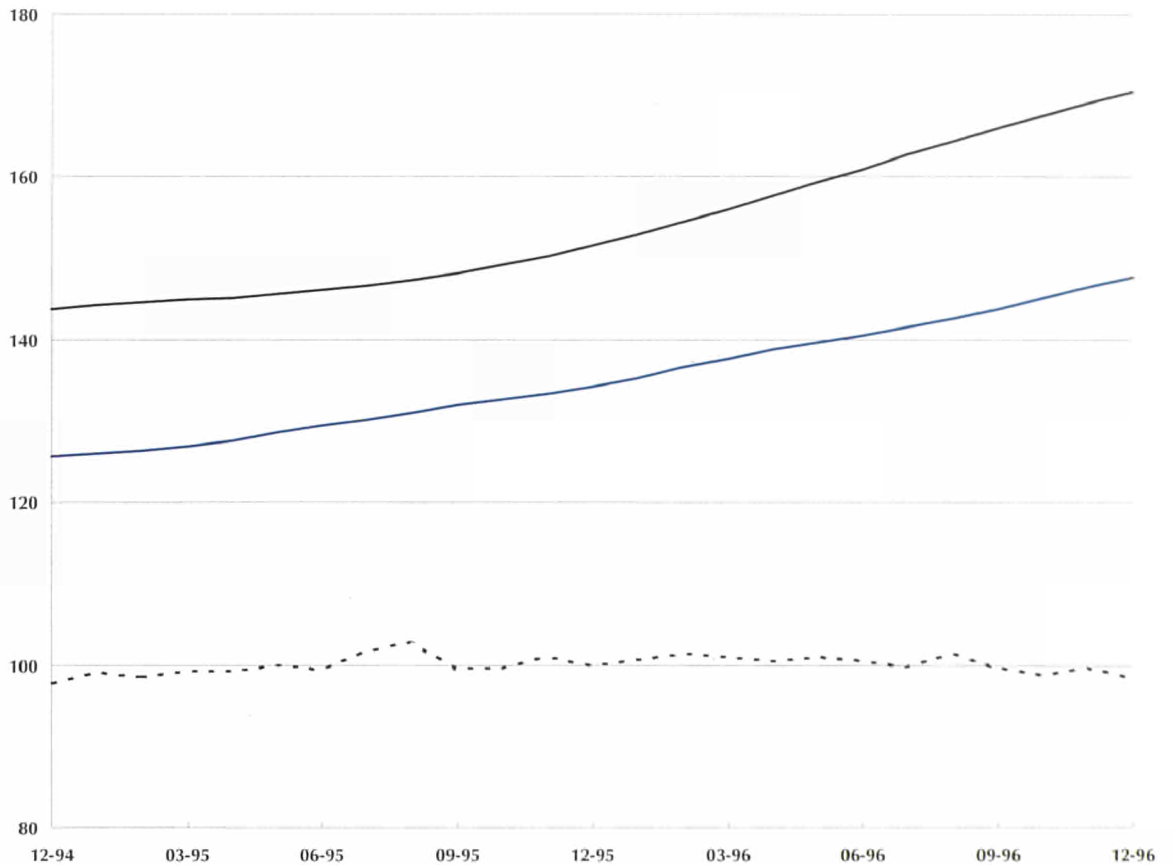


Table 2.19

Three month on three month growth rates for foreign trade indices, trend cycle, value indices are in ECU terms (%)

Source: 

	Latest 3 months available		Exports		Imports		Terms of trade
	Value	Volume	Value	Volume	Value	Volume	
EUR15	10-96	⇒ 12-96	2.9	0.9	2.7	1.5	-1.3
B/L	10-96	⇒ 12-96	1.7	0.8	2.0	0.6	-0.5
DK	10-96	⇒ 12-96	5.1	0.7	2.0	1.2	1.5
D	10-96	⇒ 12-96	2.1	0.7	2.2	1.2	-1.2
EL	07-96	⇒ 09-96	4.3	13.6	0.8	-3.7	2.3
E	10-96	⇒ 12-96	4.5	1.8	2.9	1.4	0.3
F	10-96	⇒ 12-96	1.2	1.1	3.0	0.7	-1.0
IRL	08-96	⇒ 10-96	1.1	-0.7	1.3	-1.3	0.6
I	10-96	⇒ 12-96	-0.3	0.0	-1.4	1.5	-0.6
NL	10-96	⇒ 12-96	2.7	-1.0	:	3.3	3.9
A		⇒	:	:	:	:	:
P	10-96	⇒ 12-96	1.6	1.9	4.9	3.7	-1.9
FIN		⇒	:	:	:	:	:
S		⇒	:	:	:	:	:
UK	10-96	⇒ 12-96	1.5	0.3	0.1	0.7	1.6

FOREIGN TRADE INDICES - GROSS DATA

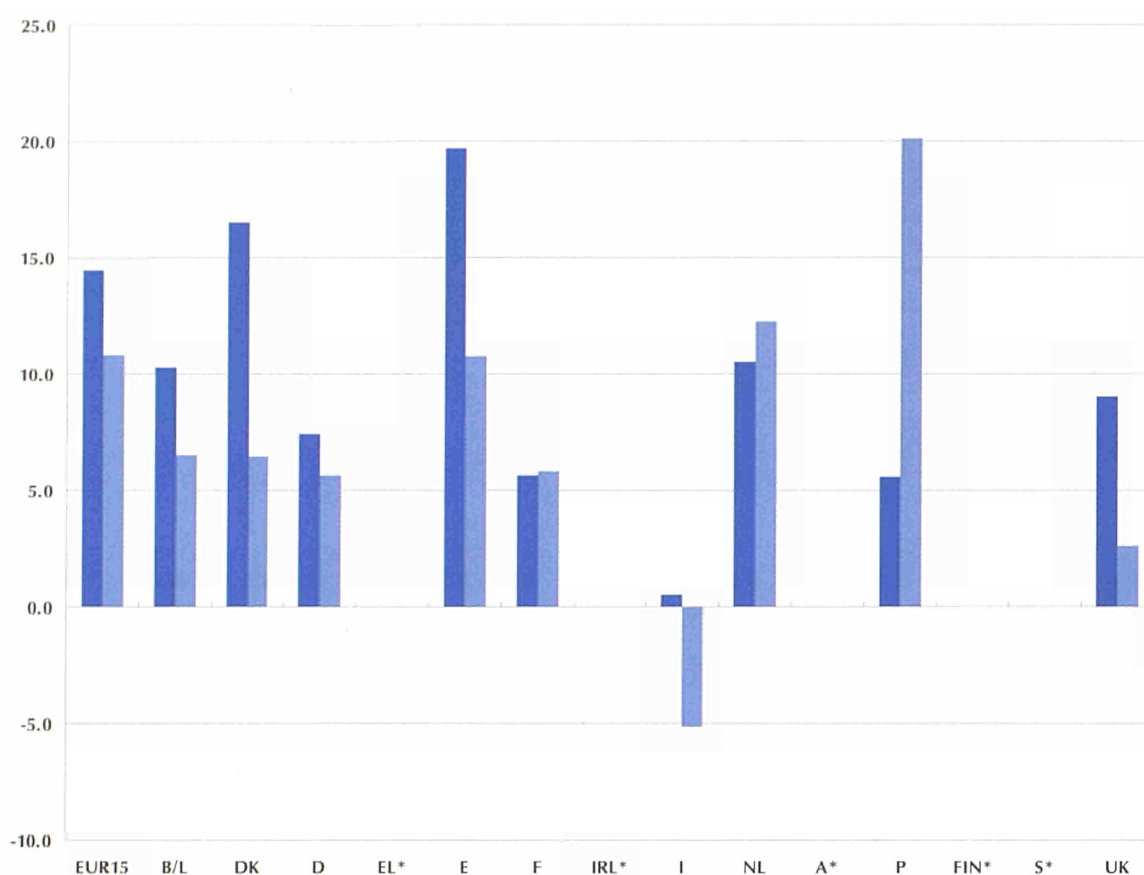


Figure 2.28

Annual growth rates for foreign trade indices of total industry, based on changes from the corresponding three months of the previous year, in ECU terms, gross data Oct-96 to Dec-96 (%)

■ Export value
■ Import value

Source: eurostat

	Latest 3 months available			Exports		Imports		Terms of trade
	10-96	⇨	12-96	Value	Volume	Value	Volume	
EUR15	10-96	⇨	12-96	14.5	10.0	10.8	5.2	-1.3
B/L	10-96	⇨	12-96	10.3	6.5	6.6	1.2	-1.6
DK	10-96	⇨	12-96	16.5	11.2	6.5	3.1	1.5
D	10-96	⇨	12-96	7.5	6.6	5.6	2.4	-2.3
EL		⇨		:	:	:	:	:
E	10-96	⇨	12-96	19.7	17.0	10.7	5.8	-2.3
F	10-96	⇨	12-96	5.7	4.9	5.8	2.3	-2.7
IRL	08-96	⇨	10-96	4.8	0.5	3.2	-4.6	-3.3
I	10-96	⇨	12-96	0.5	3.4	-5.1	0.0	2.5
NL	10-96	⇨	12-96	10.6	6.6	12.3	13.1	4.5
A		⇨		:	:	:	:	:
P	10-96	⇨	12-96	5.6	8.4	20.1	15.5	-6.1
FIN		⇨		:	:	:	:	:
S		⇨		:	:	:	:	:
UK	10-96	⇨	12-96	9.1	6.6	2.6	1.7	1.4

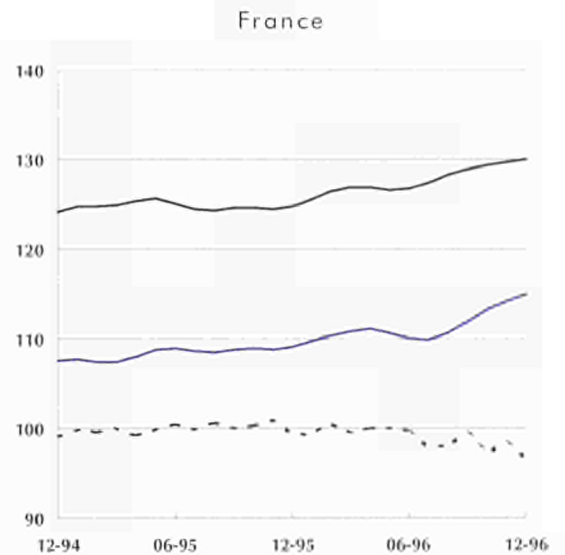
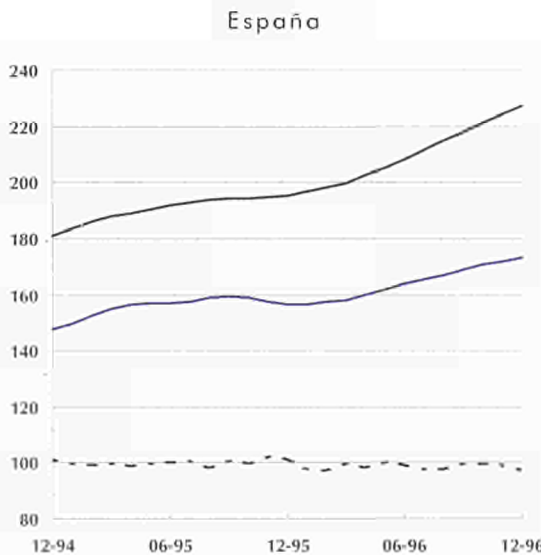
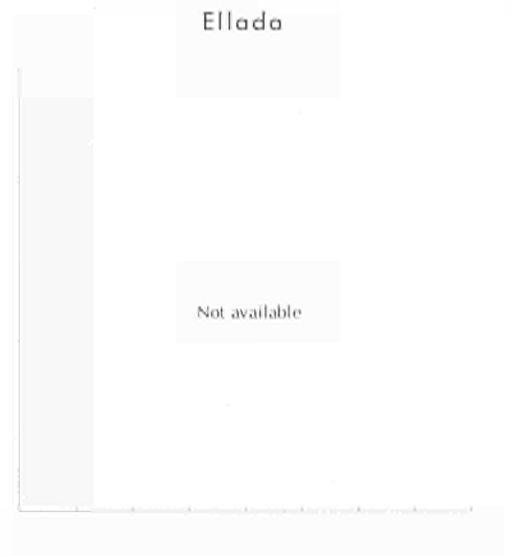
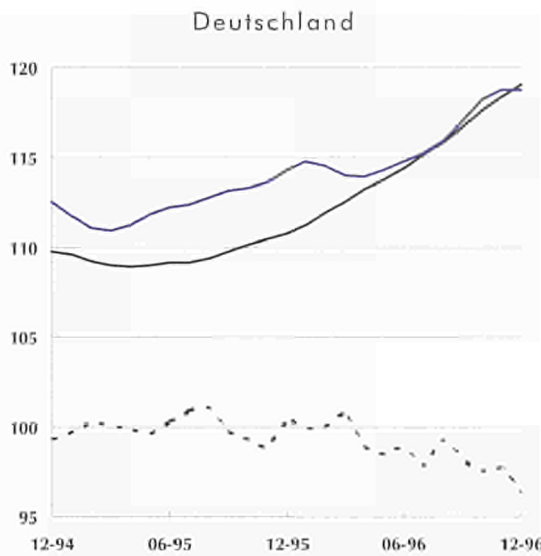
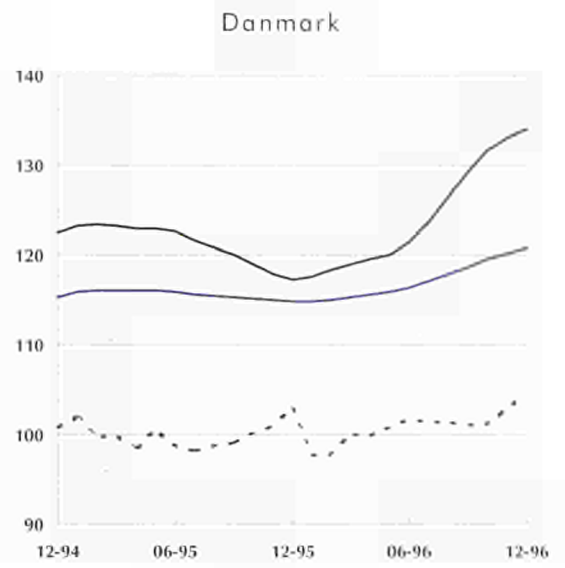
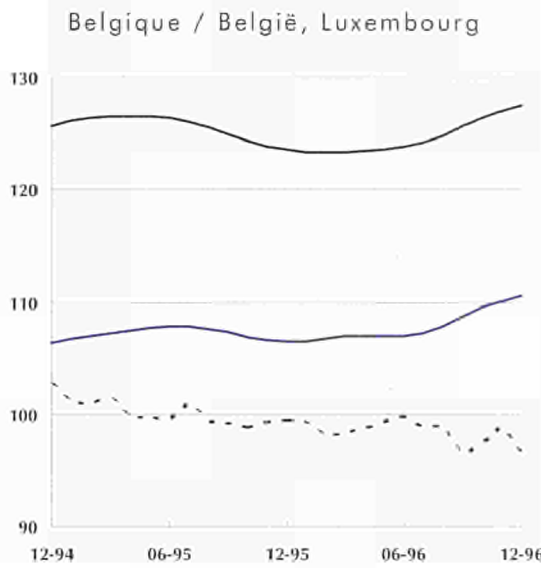
Table 2.20

Annual growth rates for foreign trade indices, based on changes from the corresponding three months of the previous year, value indices are in ECU terms, gross data (%)

Source: eurostat

Figure 2.29

Foreign trade indices in ECU terms, trend cycle (1990 = 100)



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

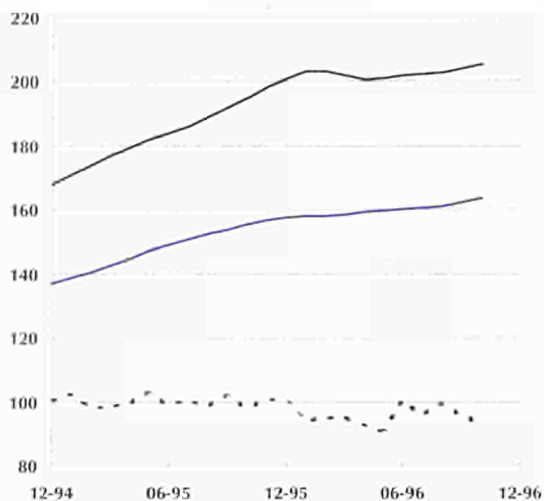
Source: eurostat

FOREIGN TRADE INDICES - TREND CYCLE

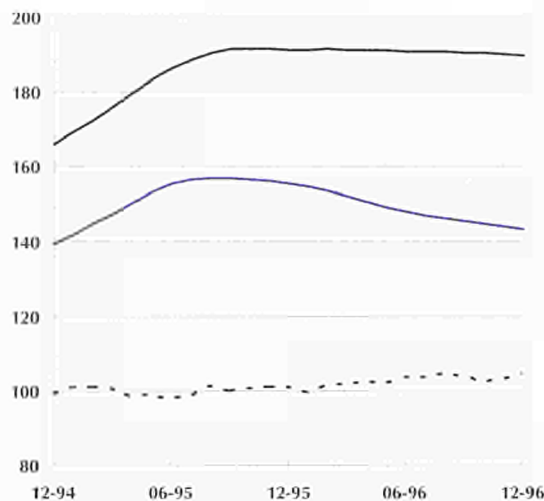
Figure 2.29

Foreign trade indices
in ECU terms,
trend cycle
(1990 = 100)

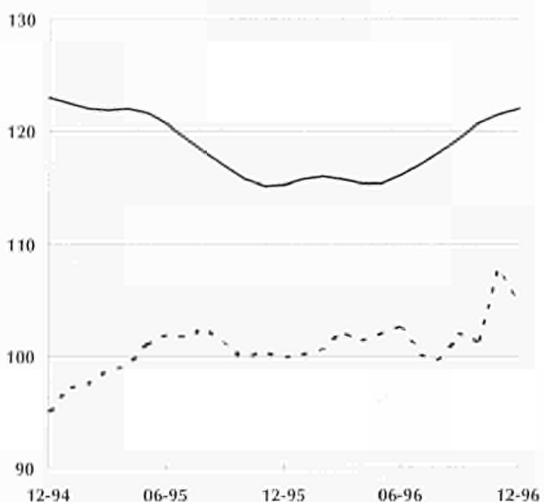
Ireland



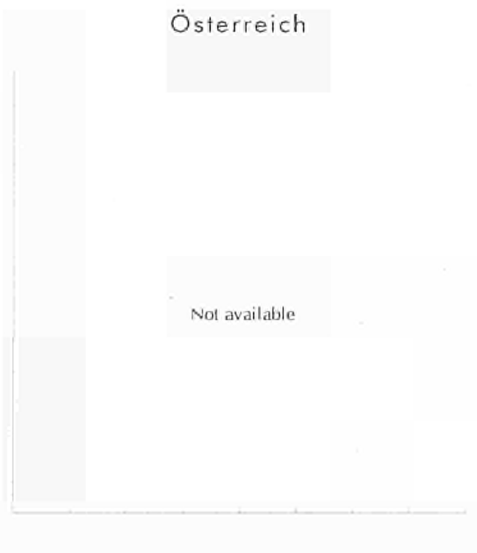
Italia



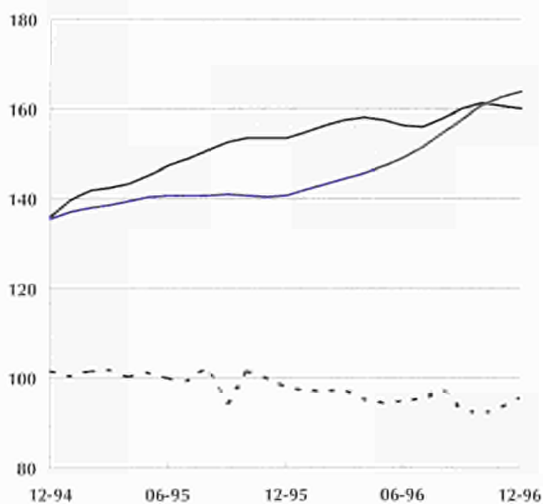
Nederland



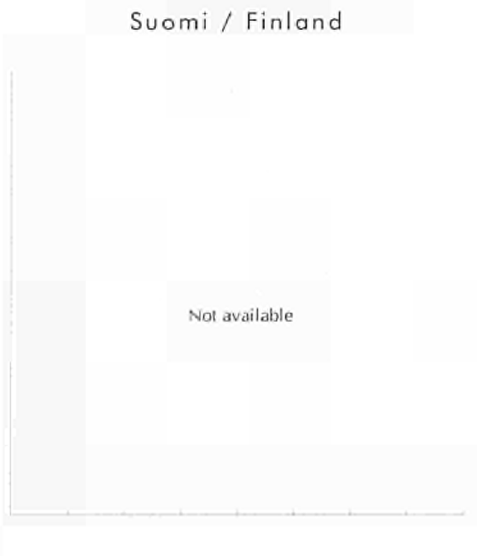
Österreich



Portugal



Suomi / Finland

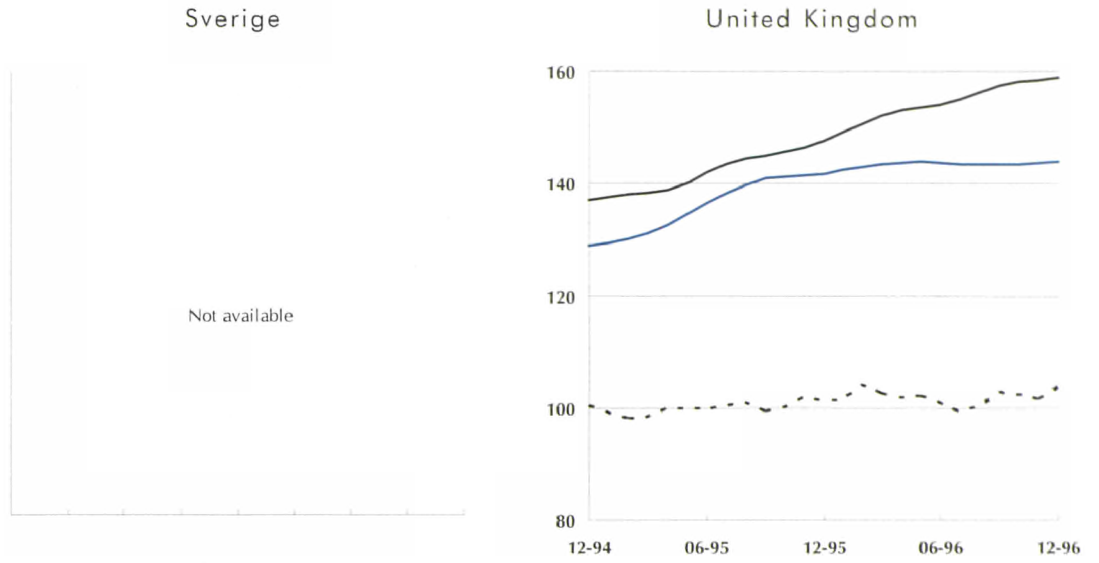


- Export value index
- Import value index
- - - - Terms of trade

Source: eurostat

Figure 2.29

Foreign trade indices
in ECU terms,
trend cycle
(1990 = 100)



Export value index ———

Import value index ———

Terms of trade - - - - -

Further information - employment, construction and trade indices:

Figures showing the number of employees include all persons employed by the firm (manual workers and salaried employees on the firm's payroll).

For the construction activity there are some very specific variables: for details of these please refer to the Eurostat publication "Methodology of Industrial Short-term Indicators" - CA-97-96-079-EN-C.

For the indices of imports and exports, foreign trade data of industrial products (following the nomenclature of the Harmonised System) were grouped according to the industrial NACE Rev.1 activity to which they belong. This grouping of products causes inevitably certain inaccuracies which can reduce the reliability of these foreign trade series. The indices for EUR15 refer only to extra-Union trade, the indices for Member States reflect also intra-Union trade.

Full methodological notes may be found on page 71.

Source:  eurostat



Structural indicators

value-added, production,
employment and labour costs



External trade

extra-EU exports and extra-EU imports

Short term indicators

production index, producer prices,
capacity utilisation, foreign trade indices



data extracted on: 12/5/97

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Structural indicators 56

value-added, production,
employment and labour costs

External trade 58

extra-EU exports and
extra-EU imports

Short term indicators 59

production index, producer prices,
capacity utilisation and
foreign trade indices



Description of the industry: a slowdown in growth and consumption

The textile industry covers spinning (usually of cotton, wool, linen and synthetic and artificial fibres), weaving (of silk, for example), finishing, the manufacture of textile articles, rugs and carpets, knitted and crocheted fabrics and cordage, twine etc. Weaving and spinning are the biggest branches, accounting for 21.9% and 17.6% respectively of Community textile production in 1996.

Over the past few years the textile industry has grown less rapidly than manufacturing industry as a whole. The main reason for this is the increase in imports from countries where labour is cheaper, coupled with the transfer of part of the production capacity from Europe to Asia. Moreover, the growth in consumption has slowed to some extent. These factors have brought about a substantial drop in employment in the branch in recent years.

Exports to industrialised countries, particularly to the USA, Switzerland and Japan, are still fairly dynamic. Furthermore, a growing share of textile output is now exported to eastern Europe and to countries bordering the Mediterranean in order to be made up into garments and re-imported into the EU a phenomenon known as outward processing. The textile industry also provides the input for the clothing industry, on which it is closely dependent. It has thus had to adapt to fashion requirements by responding quickly to demand while applying just-in-time scheduling.

The latest trends: falling output and little change in prices

The production index shows a fall-off in textile output in the quarter ending in February 1997 compared with the same quarter of the previous year. EUR15 saw a drop in activity of 1.0%, also evident in the main producer countries such as Italy (-1.4%), France (-1.2%), Germany (-0.9%) and the United Kingdom (-0.8%). Spain's output was up by 2.6% however.

Enquiries regarding the purchase of data should be directed to:

Eurostat Data-Shop
tel: (352) 4335 2251
fax: (352) 4335 2221



Data marked with this symbol is available on the diskette - for further details see page 70

PRODUCTION & ACTIVITY BREAKDOWN

The production index for EUR15 went up by 0.2% between the quarter ending in February 1997 and the previous quarter

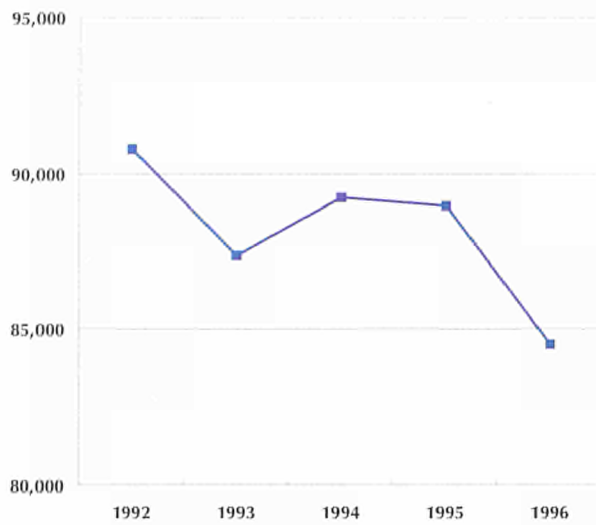


Figure 3.1

EUR15 production in constant prices (million ECU)

Source: DEBA GEIE

The trend in the production index between the quarter ending in February 1997 and the previous quarter showed an improvement of 0.2% for EUR15, but with drops of 0.2% for the United Kingdom and 1.4% for France and stagnation in Italy (0.0%) and Germany (0.1%).

The EUR15 producer price index decreased very slightly between February 1996 and February 1997, its annual rate of decrease being 0.2%. Sweden (1.4%), the United Kingdom (1.5%) and Greece (1.6%) experienced inflation, unlike Spain (-0.2%), Germany (-0.6%), France (-1.0%) and Italy (-1.2%). Prices in the Netherlands showed no change. Although prices changed little in general, they were slightly up in February 1997 over the previous quarter.

Structure of the Community textile industry

Textile industry output amounted to 2.7% of total EUR15 manufacturing output in 1996. The percentages varied from 0.9% for Sweden and Finland to 8.4% for Portugal; other figures being 1.6% for Germany, 2.2% for France and 5.3% for Italy. The textile industry provided 4.5% of EUR15 employment in 1995; by way of comparison, the equivalent figures for the United States and Japan in 1996 were 4.2% and 4.4% respectively.

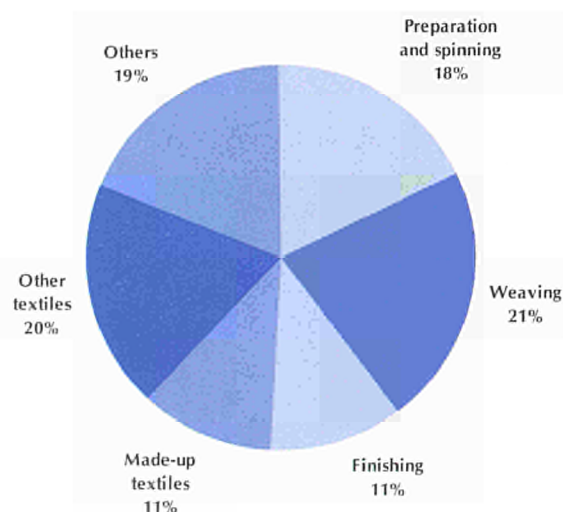


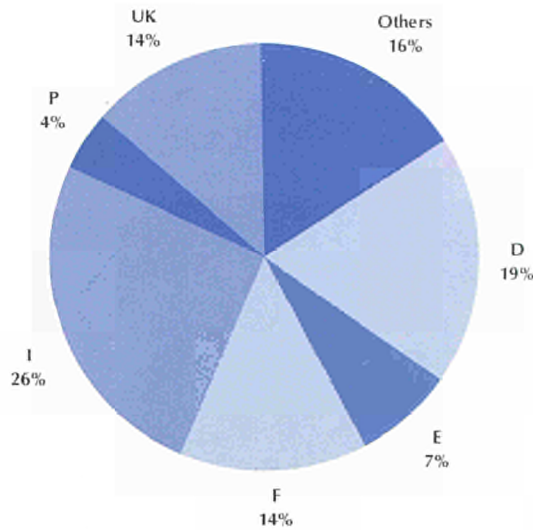
Figure 3.2

Share of production value for the TRIAD, 1996

Source: DEBA GEIE

Figure 3.3

Share of EUR15 value-added at factor cost, 1996



Source: DEBA GEIE

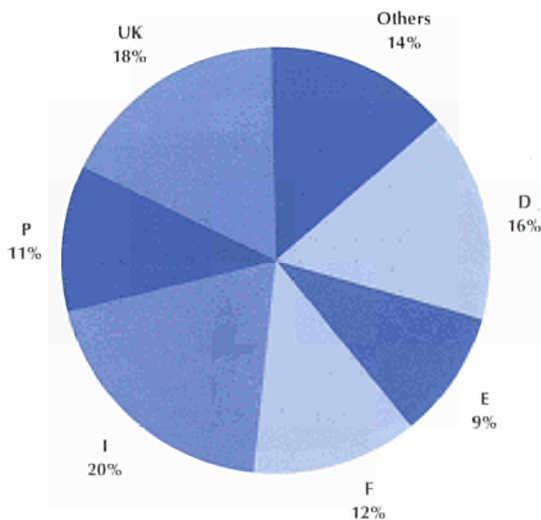
The producer price index for the EU showed a drop of 0.2% between February 1996 and February 1997

In 1996, Community textile output amounted to ECU 87.6 billion - a drop of 2.8% from the previous year's figure. Japan, whose output is equivalent to 54.4% of EU output, also recorded a fall-off, but a far more marked one (-14.0%). Lastly, the United States, with an output 77.2% the size of EUR15 output, recorded a rise of 0.5%. However, south-east Asia is already responsible for 46% of the world production of synthetic fibres and for 42% of cotton yarn.

1996 saw a drop in output in value terms in Germany (-10.2%) and France (-5.7%), while the United Kingdom (1.1%) and Italy (2.6%) recorded increased production. Italy is the leading Community producer, accounting for 28.8% of total output, ahead of Germany, (17.8%), France (14.3%) and the United Kingdom (11.6%). These four countries thus account for almost three-quarters of the total output of the EU. The main production sites are in Lombardy (Italy), Catalonia (Spain) and Baden-Württemberg (Germany), but production is scattered: the ten leading Community textile companies, including Coats Viyella (United Kingdom), Chargeurs (France) and Mölnlycke (Sweden), account for no more than 11% of total output.

Figure 3.4

Share of EUR15 number of employees, 1995



Source: DEBA GEIE

Textile consumption has been stagnating for a decade, with a decline in the carpet and household textile branches. One branch is growing, however: industrial textiles with added carbon and other special fibres, used in high-technology fields such as defence, high-speed transport and medicine. The output of such products is subject to both demand and the development of new applications.

LABOUR COSTS & PRODUCTION

Employment has fallen, for several reasons: first, the stagnation in output and in Community consumption over a decade; secondly, the rationalisation of production methods in order to cut costs and stimulate productivity. Outward processing has also succeeded in reducing the number of jobs in the industry. In order to become more competitive on an international scale, Community firms have invested in modern technology and set up plants in non-member countries. The nature of employment has changed and jobs have become more intensive in terms of knowledge and know-how; personnel have been transferred to engineering, design, distribution, financing and customer service departments.

In 1995, the Community textile industry employed a million persons. By the end of 1996, employment had fallen by 4.2% in France, 7.9% in Germany, 3.0% in the United Kingdom and 17.9% in Spain. The equivalent figures in the United States and Japan were -4.0% and -12.0% respectively.

External trade: imports from Asia, exports to OECD countries

Where its relations with its trading partners are concerned, the EU has to comply with the agreements reached under the aegis of the WTO (World Trade Organisation), which stipulate that import restrictions (the Multi-Fibre Agreement) must be phased out by 2004. Competition is thus likely to intensify and Community manufacturers are likely to take up the challenge, attempting to offset the labour cost disadvantage by adopting policies for boosting technological, marketing and distribution aspects. Faced with fierce competition from countries with lower production costs, the EU is tending towards specialisation, either by occupying special market niches or cornering new markets, or by improving quality, developing fashions or improving customer services.

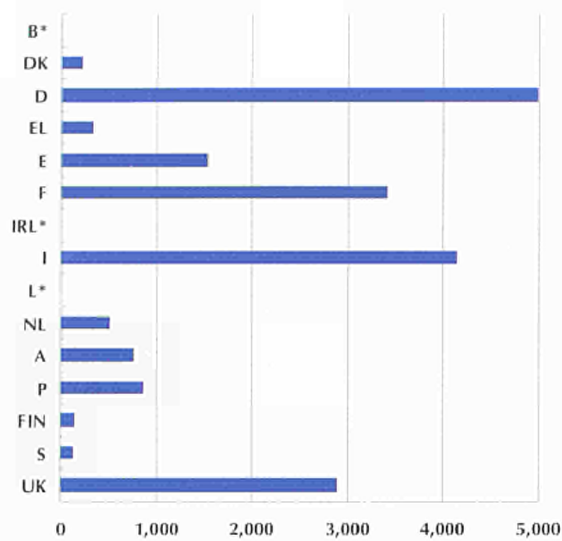


Figure 3.5

Labour costs,
1995
(million ECU)

Source: DEBA GEIE

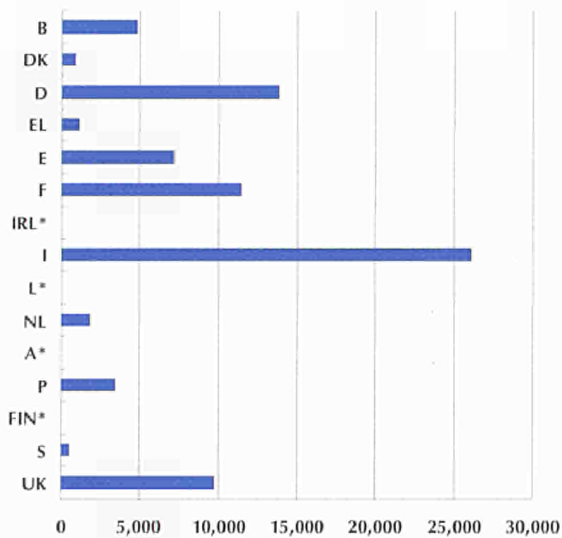


Figure 3.6

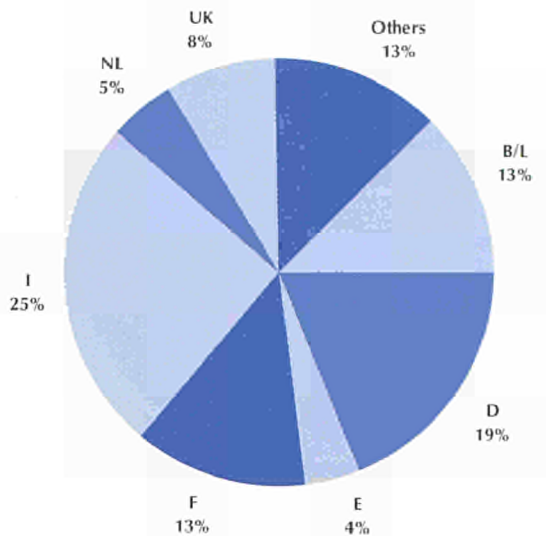
Production in
constant prices,
1996
(million ECU)

Source: DEBA GEIE

In 1995, the extra-Community imports of EUR15 amounted to ECU 15.3 billion, with 30.2% going to Germany, 17.7% to France and 14.1% to the United Kingdom. The origins of the imports are fairly concentrated, with large shares coming from China, India, Indonesia and Pakistan and also from Turkey.

Figure 3.7

Share of world exports, 1995



Source: eurostat

A growing share of textile output is exported to eastern Europe and to Mediterranean countries, to be made up into garments and re-imported into the EU

EU is the world's leading textile exporter, far ahead of the USA and Japan, which are amongst its main partners, as are Tunisia, Morocco and Poland, for reasons explained above. Similarly, whilst most US imports are from developing countries, most of its exports are to OECD countries.

Community exports amount to less than imports, standing at ECU 13.6 billion in 1995 and leaving the EU with a structural trade deficit. The 1995

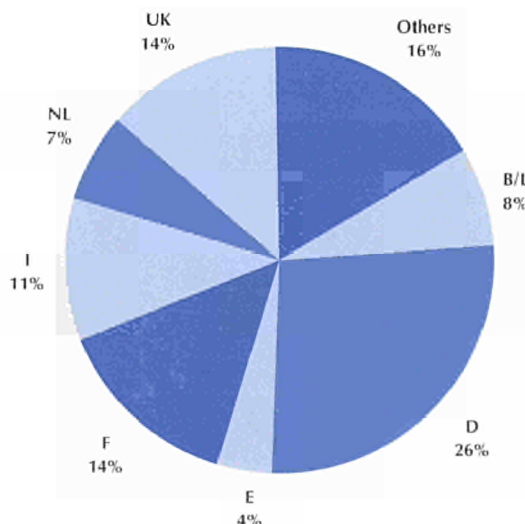
cover rate was 88.9% for EUR15: 75.3% for Germany, 94.5% for France but positive for Spain, Portugal and above all Italy with its figure of 242.8% and a constant upward trend since the beginning of the 1990s. The Community trade deficit in the textile industry derives largely from the fact that the EU is obliged to import raw materials such as cotton, wool and silk.

Environmental protection

Although products made of natural or cellulosic fibre are biodegradable, the same cannot be said of synthetic fibres, which make up 65% of all fibre used in textiles. Moreover, various regulations aimed at conserving water quality have been introduced and affect the textile industry, whose water consumption is mainly for washing fibre.

Figure 3.8

Share of world imports, 1995



Source: eurostat

This text was written by: Catherine Dailleau

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**Enterprises in Europe:
Fourth report**

This is a biennial publication produced by Eurostat in co-operation with DG XXIII of the European Commission.

There were around 16 million small and medium-sized enterprises (SMEs) in 1992 in the countries of EUR15, employing more than 100 million people.



The publication contains several parts which present the information that has been gathered by Eurostat. Each part has been designed to facilitate the rapid acquisition of the facts. The interested reader may turn to detailed country or sectoral information. Furthermore, there is a supplementary diskette publication, which contains the SME tabular database.

The paper publication is broken down into the following sections:

- Part 1: main information on European enterprises;
- Part 2: specific analyses, such as enterprise creation, the innovative behaviour of SMEs or regional analyses;
- Parts 3 & 4: sectoral and country analyses.

The sources used are normally existing business registers in the European countries. The following economic indicators are provided: employment, turnover and sometimes value added and labour costs.

Enquiries regarding the purchase of data should be directed to:

Eurostat Data-Shop
2, rue Jean Engling
L-1466
Dommeldange
Luxembourg

tel: (352) 4335 2251
fax: (352) 4335 2221

An order form may be found at the end of this publication

VALUE ADDED & PRODUCTION

Table 3.1

Value-added at
factor cost
(million ECU)

	1992	t / t-1 (%)	1993	t / t-1 (%)	1994	t / t-1 (%)	1995	t / t-1 (%)	1996	t / t-1 (%)
EUR15	31,527.4	0.6	29,508.2	-6.4	30,324.0	2.8	30,675.2	1.2	29,771.0	-2.9
B	:	:	:	:	:	:	:	:	:	:
Share (%)	:	:	:	:	:	:	:	:	:	:
DK	336.3	5.3	324.9	-3.4	334.3	2.9	356.6	6.7	388.9	9.1
Share (%)	1.1		1.1		1.1		1.2		1.3	
D	6,554.3	-0.5	6,284.0	-4.1	6,127.3	-2.5	6,231.3	1.7	5,608.5	-10.0
Share (%)	20.8		21.3		20.2		20.3		18.8	
EL	391.2	:	355.8	-9.0	360.4	1.3	345.6	-4.1	345.6	0.0
Share (%)	1.2		1.2		1.2		1.1		1.2	
E	2,539.2	-8.6	2,054.0	-19.1	2,162.1	5.3	2,303.9	6.6	2,213.5	-3.9
Share (%)	8.1		7.0		7.1		7.5		7.4	
F	4,218.8	2.2	3,957.5	-6.2	4,324.6	9.3	4,376.2	1.2	4,113.3	-6.0
Share (%)	13.4		13.4		14.3		14.3		13.8	
IRL	:	:	:	:	:	:	:	:	:	:
Share (%)	:	:	:	:	:	:	:	:	:	:
I	7,921.9	-4.0	7,323.4	-7.6	7,559.1	3.2	7,535.3	-0.3	7,744.7	2.8
Share (%)	25.1		24.8		24.9		24.6		26.0	
L	:	:	:	:	:	:	:	:	:	:
Share (%)	:	:	:	:	:	:	:	:	:	:
NL	725.0	-0.2	739.0	1.9	725.9	-1.8	712.8	-1.8	708.7	-0.6
Share (%)	2.3		2.5		2.4		2.3		2.4	
A	:	:	:	:	:	:	:	:	:	:
Share (%)	:	:	:	:	:	:	:	:	:	:
P	1,454.1	-0.3	1,255.8	-13.6	1,304.2	3.9	1,372.8	5.3	1,290.0	-6.0
Share (%)	4.6		4.3		4.3		4.5		4.3	
FIN	:	:	:	:	:	:	237.2	:	232.6	-1.9
Share (%)	:	:	:	:	:	:	0.8	:	0.8	
S	203.5	-6.4	154.4	-24.1	176.8	14.5	213.2	20.6	251.2	17.8
Share (%)	0.6		0.5		0.6		0.7		0.8	
UK	4,201.6	-2.0	4,076.2	-3.0	4,167.9	2.2	4,003.3	-3.9	4,046.6	1.1
Share (%)	13.3		13.8		13.7		13.1		13.6	

Source: DEBA GEIE

Table 3.2

Production in
constant prices
(million ECU)

	1992	t / t-1 (%)	1993	t / t-1 (%)	1994	t / t-1 (%)	1995	t / t-1 (%)	1996	t / t-1 (%)
EUR15	93,288.6	-1.8	86,788.8	-7.0	89,153.2	2.7	90,139.2	1.1	87,596.5	-2.8
B	4,607.0	0.4	4,692.3	1.9	4,863.3	3.6	5,091.7	4.7	5,087.5	-0.1
Share (%)	4.9		5.4		5.5		5.6		5.8	
DK	896.4	4.8	835.2	-6.8	859.8	2.9	905.4	5.3	979.3	8.2
Share (%)	1.0		1.0		1.0		1.0		1.1	
D	18,700.2	-2.5	17,537.5	-6.2	17,068.7	-2.7	17,368.4	1.8	15,595.4	-10.2
Share (%)	20.0		20.2		19.1		19.3		17.8	
EL	1,302.8	-13.0	1,242.8	-4.6	1,245.9	0.2	1,199.0	-3.8	1,200.4	0.1
Share (%)	1.4		1.4		1.4		1.3		1.4	
E	7,328.7	-6.3	5,951.4	-18.8	6,431.0	8.1	6,840.8	6.4	6,600.4	-3.5
Share (%)	7.9		6.9		7.2		7.6		7.5	
F	12,893.1	3.4	12,123.4	-6.0	13,187.8	8.8	13,265.6	0.6	12,503.1	-5.7
Share (%)	13.8		14.0		14.8		14.7		14.3	
IRL	:	:	:	:	:	:	:	:	:	:
Share (%)	:	:	:	:	:	:	:	:	:	:
I	26,108.9	-2.0	24,098.3	-7.7	24,727.6	2.6	24,561.6	-0.7	25,201.3	2.6
Share (%)	28.0		27.8		27.7		27.2		28.8	
L	:	:	:	:	:	:	:	:	:	:
Share (%)	:	:	:	:	:	:	:	:	:	:
NL	2,110.4	-0.2	2,180.6	3.3	2,162.2	-0.8	2,173.2	0.5	2,122.6	-2.3
Share (%)	2.3		2.5		2.4		2.4		2.4	
A	2,816.6	2.4	2,691.3	-4.4	2,669.5	-0.8	2,909.0	9.0	2,565.9	-11.8
Share (%)	3.0		3.1		3.0		3.2		2.9	
P	4,258.1	2.0	3,675.5	-13.7	3,801.0	3.4	3,985.8	4.9	3,739.5	-6.2
Share (%)	4.6		4.2		4.3		4.4		4.3	
FIN	:	:	:	:	:	:	529.6	:	518.1	-2.2
Share (%)	:	:	:	:	:	:	0.6	:	0.6	
S	503.7	-6.8	367.2	-27.1	413.8	12.7	505.0	22.0	593.4	17.5
Share (%)	0.5		0.4		0.5		0.6		0.7	
UK	10,463.2	-4.6	10,174.3	-2.8	10,399.2	2.2	10,004.2	-3.8	10,116.6	1.1
Share (%)	11.2		11.7		11.7		11.1		11.5	

Source: DEBA GEIE

NUMBER OF EMPLOYEES & LABOUR COSTS

Table 3.3

	1991	t/ t-1 (%)	1992	t/ t-1 (%)	1993	t/ t-1 (%)	1994	t/ t-1 (%)	1995	t/ t-1 (%)
EUR15	1,223,353.0	-1.7	1,144,803.0	-6.4	1,062,603.0	-7.2	1,037,706.0	-2.3	1,006,026.0	-3.1
B	47,444.0	-3.5	45,366.0	-4.4	41,919.0	-7.6	41,007.0	-2.2	41,344.0	0.8
Share (%)	3.9		4.0		3.9		4.0		4.1	
DK	8,276.0	-5.2	8,238.0	-0.5	7,762.0	-5.8	7,678.0	-1.1	7,215.0	-6.0
Share (%)	0.7		0.7		0.7		0.7		0.7	
D	222,455.0	-2.1	208,372.0	-6.3	183,527.0	-11.9	171,007.0	-6.8	160,723.0	-6.0
Share (%)	18.2		18.2		17.3		16.5		16.0	
EL	31,990.0	-10.9	28,526.0	-10.8	25,120.0	-11.9	24,021.0	-4.4	24,811.0	3.3
Share (%)	2.6		2.5		2.4		2.3		2.5	
E	131,855.0	-4.8	115,017.0	-12.8	95,265.0	-17.2	99,219.0	4.2	94,017.0	-5.2
Share (%)	10.8		10.0		9.0		9.6		9.3	
F	141,937.0	1.1	135,189.0	-4.8	123,587.0	-8.6	126,546.0	2.4	124,782.0	-1.4
Share (%)	11.6		11.8		11.6		12.2		12.4	
IRL	:	:	:	:	:	:	:	:	:	:
Share (%)	:		:		:		:		:	
I	223,049.0	-2.6	219,032.0	-1.8	212,672.0	-2.9	198,947.0	-6.5	194,418.0	-2.3
Share (%)	18.2		19.1		20.0		19.2		19.3	
L	:	:	:	:	:	:	:	:	:	:
Share (%)	:		:		:		:		:	
NL	20,890.0	4.4	20,267.0	-3.0	19,709.0	-2.8	18,414.0	-6.6	17,929.0	-2.6
Share (%)	1.7		1.8		1.9		1.8		1.8	
A	33,746.0	:	31,435.0	-6.8	27,307.0	-13.1	26,747.0	-2.1	25,118.0	-6.1
Share (%)	2.8		2.7		2.6		2.6		2.5	
P	148,103.0	-2.9	133,416.0	-9.9	126,909.0	-4.9	122,256.0	-3.7	115,189.0	-5.8
Share (%)	12.1		11.7		11.9		11.8		11.4	
FIN	:	:	:	:	:	:	:	:	6,391.0	:
Share (%)	:		:		:		:		0.6	
S	6,996.0	-8.7	6,214.0	-11.2	4,865.0	-21.7	4,908.0	0.9	5,095.0	3.8
Share (%)	0.6		0.5		0.5		0.5		0.5	
UK	187,976.0	-6.9	176,622.0	-6.0	177,857.0	0.7	180,875.0	1.7	178,927.0	-1.1
Share (%)	15.4		15.4		16.7		17.4		17.8	

Number of
employees
(units)

Source: DEBA GEIE

Table 3.4

	1991	t/ t-1 (%)	1992	t/ t-1 (%)	1993	t/ t-1 (%)	1994	t/ t-1 (%)	1995	t/ t-1 (%)
EUR15	23,334.4	6.4	23,253.1	-0.3	21,453.3	-7.7	21,419.0	-0.2	21,337.8	-0.4
B	:	:	:	:	:	:	:	:	:	:
Share (%)	:		:		:		:		:	
DK	213.8	0.0	221.0	3.4	216.2	-2.2	218.6	1.1	220.9	1.1
Share (%)	0.9		1.0		1.0		1.0		1.0	
D	5,257.2	3.8	5,308.3	1.0	5,152.8	-2.9	4,978.1	-3.4	4,992.4	0.3
Share (%)	22.5		22.8		24.0		23.2		23.4	
EL	381.0	-5.6	350.9	-7.9	301.2	-14.2	301.1	0.0	330.6	9.8
Share (%)	1.6		1.5		1.4		1.4		1.5	
E	2,016.9	2.5	1,915.4	-5.0	1,491.9	-22.1	1,482.0	-0.7	1,534.2	3.5
Share (%)	8.6		8.2		7.0		6.9		7.2	
F	3,195.8	5.1	3,226.9	1.0	3,109.2	-3.6	3,242.6	4.3	3,407.5	5.1
Share (%)	13.7		13.9		14.5		15.1		16.0	
IRL	:	:	:	:	:	:	:	:	:	:
Share (%)	:		:		:		:		:	
I	5,594.6	7.0	5,476.6	-2.1	4,719.2	-13.8	4,511.4	-4.4	4,146.5	-8.1
Share (%)	24.0		23.6		22.0		21.1		19.4	
L	:	:	:	:	:	:	:	:	:	:
Share (%)	:		:		:		:		:	
NL	488.1	8.0	504.1	3.3	536.2	6.4	504.6	-5.9	510.9	1.2
Share (%)	2.1		2.2		2.5		2.4		2.4	
A	754.9	:	779.8	3.3	747.6	-4.1	744.5	-0.4	755.7	1.5
Share (%)	3.2		3.4		3.5		3.5		3.5	
P	896.7	9.8	934.9	4.3	875.4	-6.4	854.8	-2.4	853.4	-0.2
Share (%)	3.8		4.0		4.1		4.0		4.0	
FIN	:	:	:	:	:	:	:	:	150.6	:
Share (%)	:		:		:		:		0.7	
S	186.4	2.6	176.5	-5.3	116.7	-33.9	122.7	5.1	130.4	6.3
Share (%)	0.8		0.8		0.5		0.6		0.6	
UK	2,926.9	2.6	2,819.2	-3.7	2,783.1	-1.3	2,991.3	7.5	2,893.0	-3.3
Share (%)	12.5		12.1		13.0		14.0		13.6	

Labour costs
(million ECU)

Source: DEBA GEIE

Table 3.5

Extra-EUR15
exports
(million ECU)

	1991	t / t-1 (%)	1992	t / t-1 (%)	1993	t / t-1 (%)	1994	t / t-1 (%)	1995	t / t-1 (%)
EUR15	10,351.8	-1.2	10,723.7	3.6	11,459.0	6.9	12,986.6	13.3	13,606.3	4.8
B/L	787.8	3.9	762.4	-3.2	873.8	14.6	1,056.2	20.9	1,085.7	2.8
Share (%)	7.6		7.1		7.6		8.1		8.0	
DK	137.0	-8.9	152.9	11.6	153.8	0.6	155.5	1.1	147.6	-5.1
Share (%)	1.3		1.4		1.3		1.2		1.1	
D	2,635.8	5.0	2,676.9	1.6	2,690.7	0.5	2,768.8	2.9	2,892.1	4.5
Share (%)	25.5		25.0		23.5		21.3		21.3	
EL	54.1	24.9	55.4	2.4	68.2	23.1	80.3	17.7	82.6	2.9
Share (%)	0.5		0.5		0.6		0.6		0.6	
E	360.3	-12.4	350.9	-2.6	424.4	20.9	482.1	13.6	603.9	25.3
Share (%)	3.5		3.3		3.7		3.7		4.4	
F	1,366.9	1.4	1,418.6	3.8	1,440.3	1.5	1,648.4	14.4	1,789.0	8.5
Share (%)	13.2		13.2		12.6		12.7		13.1	
IRL	39.4	-14.5	42.4	7.6	54.1	27.6	57.4	6.1	61.2	6.6
Share (%)	0.4		0.4		0.5		0.4		0.4	
I	2,594.6	-4.1	2,777.6	7.1	3,064.9	10.3	3,763.7	22.8	4,110.4	9.2
Share (%)	25.1		25.9		26.7		29.0		30.2	
NL	273.3	2.5	317.2	16.1	413.3	30.3	494.0	19.5	443.5	-10.2
Share (%)	2.6		3.0		3.6		3.8		3.3	
A	453.1	0.8	480.0	5.9	512.7	6.8	516.9	0.8	438.8	-15.1
Share (%)	4.4		4.5		4.5		4.0		3.2	
P	229.0	1.3	251.8	10.0	232.3	-7.7	273.1	17.6	287.9	5.4
Share (%)	2.2		2.3		2.0		2.1		2.1	
FIN	86.5	-0.5	101.3	17.1	111.4	10.0	142.9	28.3	101.5	-29.0
Share (%)	0.8		0.9		1.0		1.1		0.7	
S	203.2	4.6	214.9	5.8	196.6	-8.5	242.4	23.3	240.8	-0.7
Share (%)	2.0		2.0		1.7		1.9		1.8	
UK	1,118.0	-10.9	1,109.9	-0.7	1,218.5	9.8	1,300.9	6.8	1,321.3	1.6
Share (%)	10.8		10.3		10.6		10.0		9.7	

Source:  eurostat

Table 3.6

Extra-EUR15
imports
(million ECU)

	1991	t / t-1 (%)	1992	t / t-1 (%)	1993	t / t-1 (%)	1994	t / t-1 (%)	1995	t / t-1 (%)
EUR15	13,768.2	9.5	13,898.9	0.9	14,188.0	2.1	15,811.1	11.4	15,302.1	-3.2
B/L	715.5	8.0	723.9	1.2	849.6	17.4	1,193.9	40.5	1,165.9	-2.3
Share (%)	5.2		5.2		6.0		7.6		7.6	
DK	268.3	11.1	261.7	-2.5	247.7	-5.3	255.8	3.3	277.2	8.4
Share (%)	1.9		1.9		1.7		1.6		1.8	
D	4,388.0	18.3	4,396.7	0.2	4,684.4	6.5	4,758.0	1.6	4,624.8	-2.8
Share (%)	31.9		31.6		33.0		30.1		30.2	
EL	155.0	18.0	157.2	1.4	167.2	6.4	190.5	13.9	205.9	8.1
Share (%)	1.1		1.1		1.2		1.2		1.3	
E	512.7	38.2	538.0	4.9	375.4	-30.2	486.5	29.6	532.4	9.4
Share (%)	3.7		3.9		2.6		3.1		3.5	
F	1,476.0	0.1	1,466.8	-0.6	1,503.1	2.5	1,615.6	7.5	1,577.8	-2.3
Share (%)	10.7		10.6		10.6		10.2		10.3	
IRL	100.3	9.3	91.5	-8.8	71.1	-22.3	68.5	-3.7	75.3	9.9
Share (%)	0.7		0.7		0.5		0.4		0.5	
I	1,960.1	-1.2	1,876.9	-4.2	1,693.3	-9.8	2,218.3	31.0	2,164.4	-2.4
Share (%)	14.2		13.5		11.9		14.0		14.1	
NL	734.1	17.8	804.3	9.6	834.2	3.7	865.6	3.8	860.6	-0.6
Share (%)	5.3		5.8		5.9		5.5		5.6	
A	466.6	1.5	487.4	4.5	517.0	6.1	559.2	8.2	378.8	-32.3
Share (%)	3.4		3.5		3.6		3.5		2.5	
P	133.4	16.4	158.4	18.7	138.0	-12.9	179.7	30.2	213.0	18.5
Share (%)	1.0		1.1		1.0		1.1		1.4	
FIN	148.6	-9.7	138.4	-6.9	132.1	-4.6	162.7	23.2	129.6	-20.3
Share (%)	1.1		1.0		0.9		1.0		0.8	
S	407.5	9.7	452.7	11.1	420.2	-7.2	455.7	8.4	389.8	-14.5
Share (%)	3.0		3.3		3.0		2.9		2.5	
UK	2,272.3	7.0	2,333.5	2.7	2,548.9	9.2	2,796.2	9.7	2,706.6	-3.2
Share (%)	16.5		16.8		18.0		17.7		17.7	

Source:  eurostat

PRODUCTION & PRODUCER PRICE INDICES

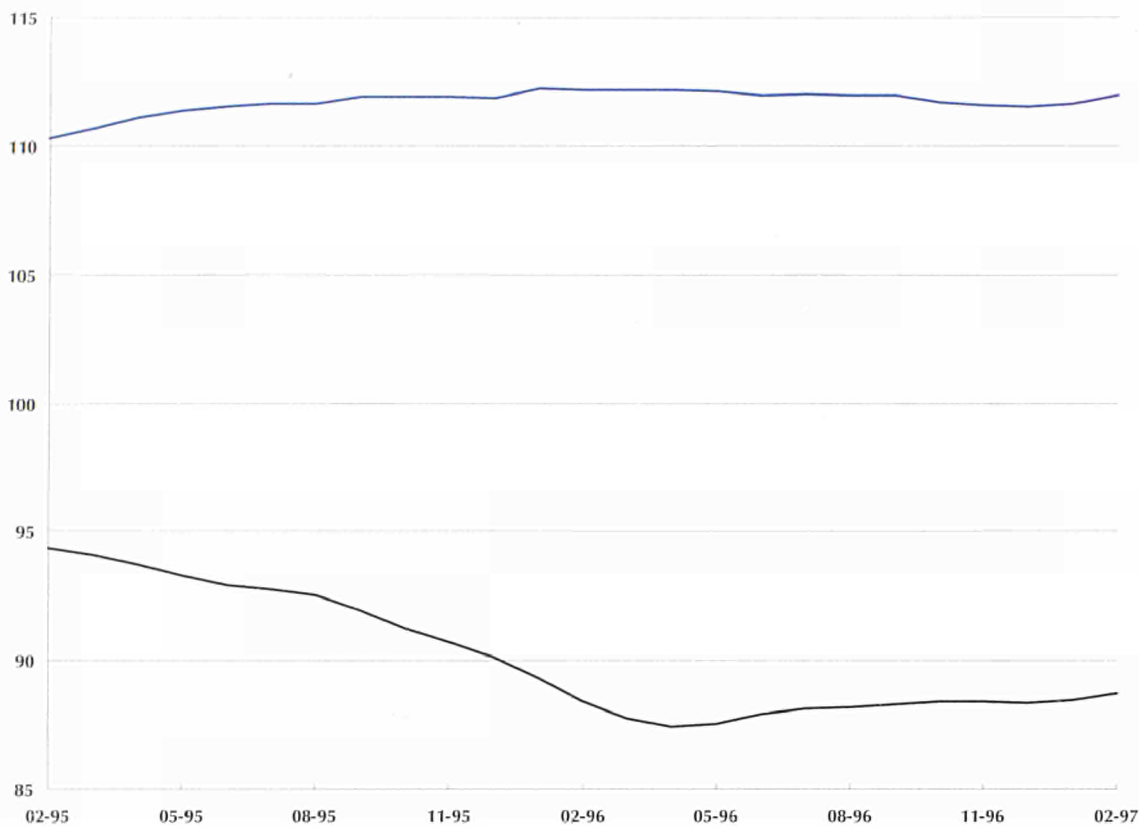


Figure 3.9

EUR15 production and producer price indices (1990 = 100)

— Production index
— Producer price index

Source: eurostat

	Latest 3 months available			Production index		Latest month available	Producer price index	
	t-3	t-2	t-1	t / t-1	t / t-4		t / t-3	t / t-12
EUR15	12-96	⇒	02-97	0.2	-1.0	02-97	0.3	-0.2
B	12-96	⇒	02-97	-0.2	-1.4	02-97	0.3	-0.4
DK	12-96	⇒	02-97	-3.2	-8.3	02-97	0.2	-0.5
D	12-96	⇒	02-97	0.1	-0.9	02-97	0.3	-0.6
EL	12-96	⇒	02-97	0.7	0.9	02-97	0.3	1.6
E	12-96	⇒	02-97	1.2	2.6	02-97	0.4	-0.2
F	12-96	⇒	02-97	-1.4	-1.2	12-93	0.4	-1.0
IRL	10-96	⇒	12-96	-3.3	-5.3	12-96	0.0	3.5
I	12-96	⇒	02-97	0.0	-1.4	02-97	0.0	-1.2
L	11-96	⇒	01-97	-7.0	-26.0		:	:
NL	10-96	⇒	12-96	2.3	8.9	02-97	0.9	0.0
A	02-96	⇒	04-96	-3.1	-2.3		:	:
P	10-96	⇒	12-96	-0.5	-3.1	12-96	-0.1	-0.8
FIN	12-96	⇒	02-97	1.0	4.2	03-97	-1.0	-0.7
S	12-96	⇒	02-97	0.2	0.8	03-97	1.0	1.4
UK	12-96	⇒	02-97	-0.2	-0.8	03-97	0.6	1.5
Japan	07-96	⇒	09-96	0.1	-1.6		:	:
USA	08-96	⇒	10-96	-0.4	-1.5	10-96	0.1	1.0

Table 3.7


Latest growth rates for production and producer price indices (%)

Source: eurostat

Figure 3.10

Annual growth rates for production and producer price indices, based on changes from the corresponding three months of the previous year, Dec-96 to Feb-97 (%)

Production ■
 Producer price index ■

Source: 

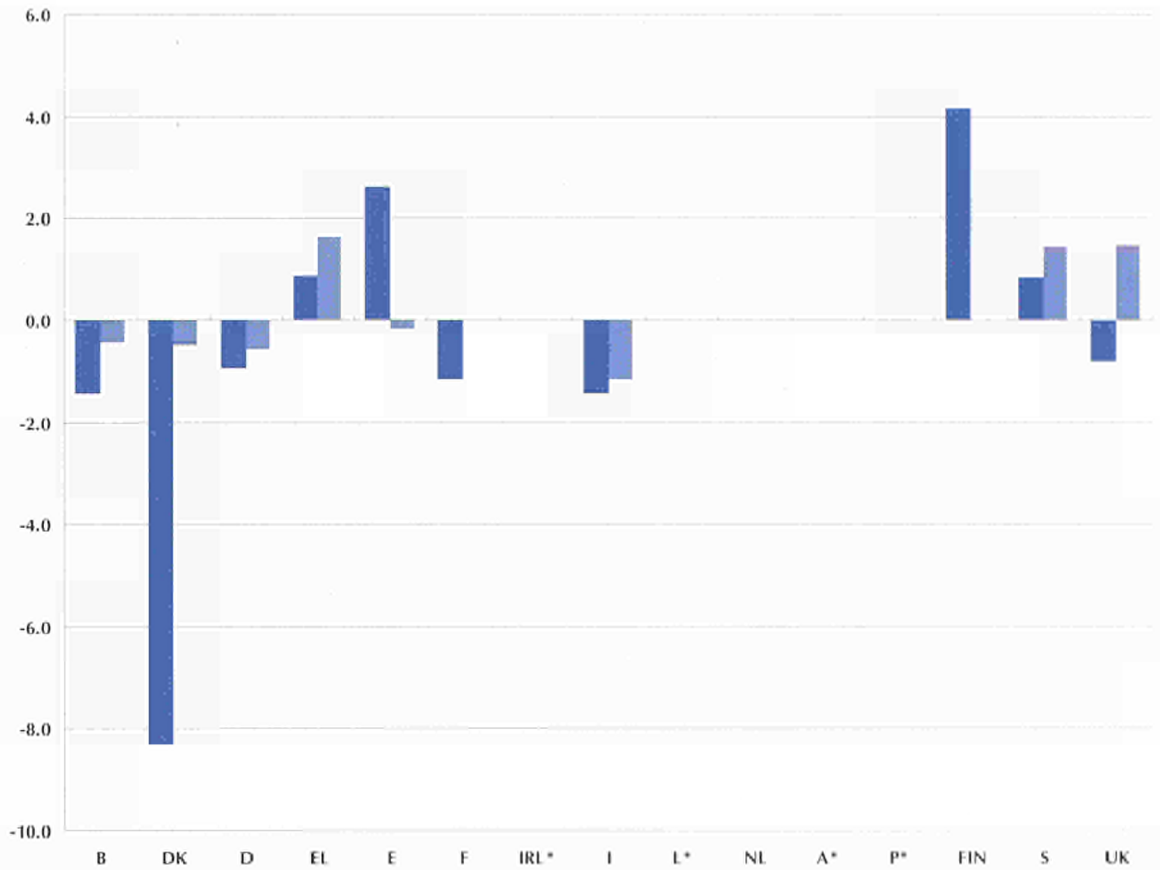
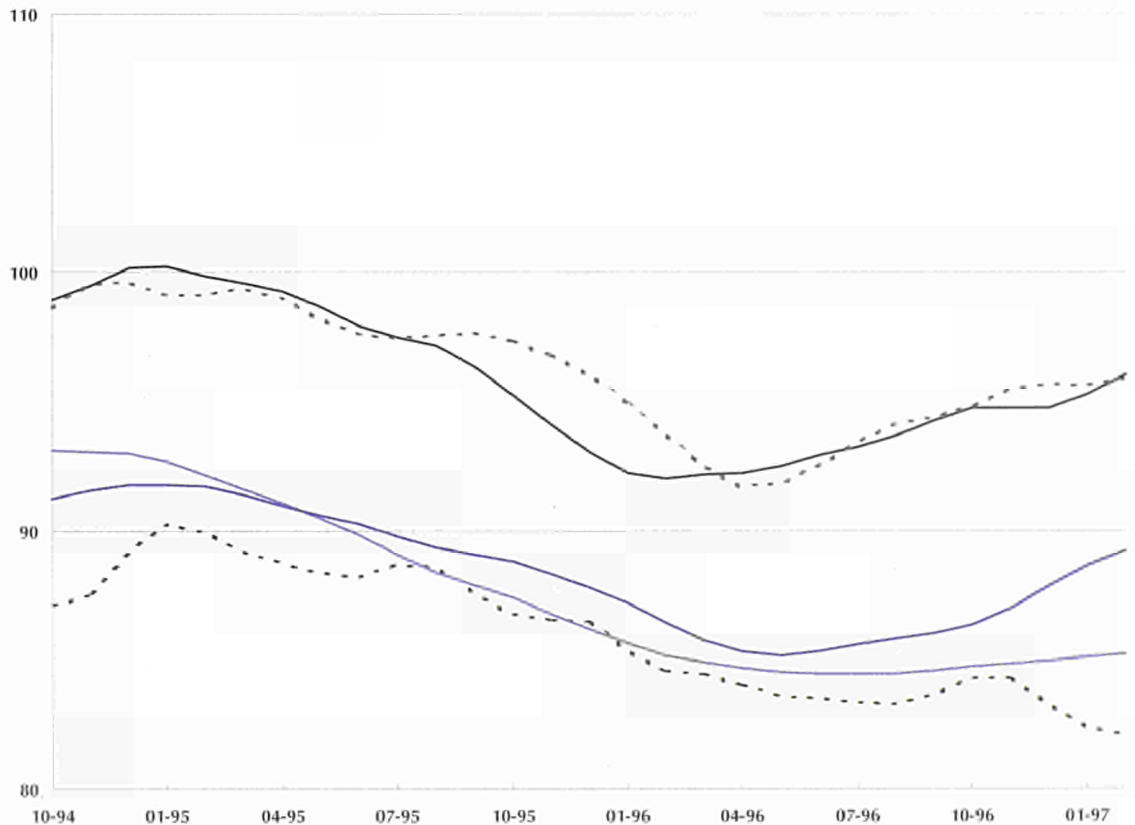


Figure 3.11

Production index for individual activities, trend cycle (1990 = 100)

Preparation and spinning of textile fibres ———
 Textile weaving - - - - -
 Finishing of textiles ———
 Made-up textile articles except apparel ———
 Other textiles - - - - -

Source: 

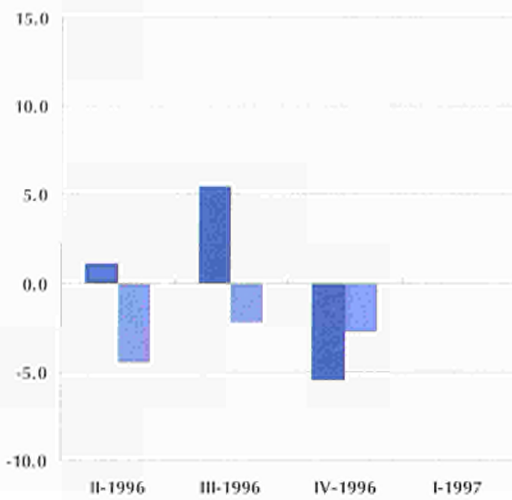


PRODUCTION & PRODUCER PRICE INDICES

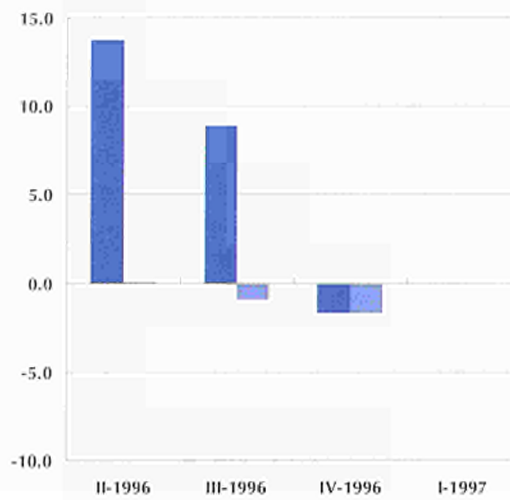
Figure 3.12

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

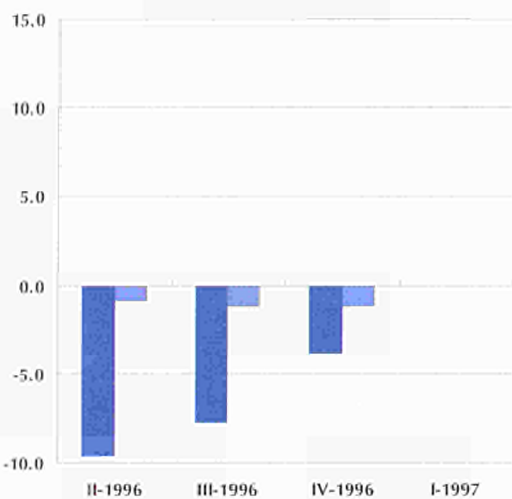
Belgique / België



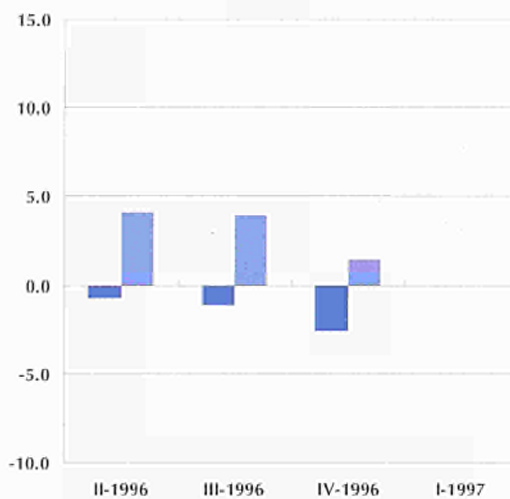
Danmark



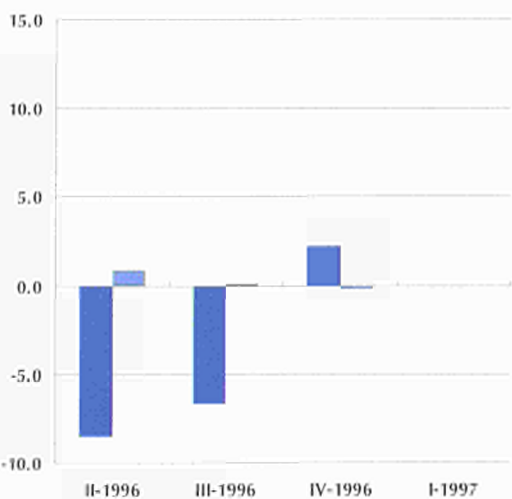
Deutschland



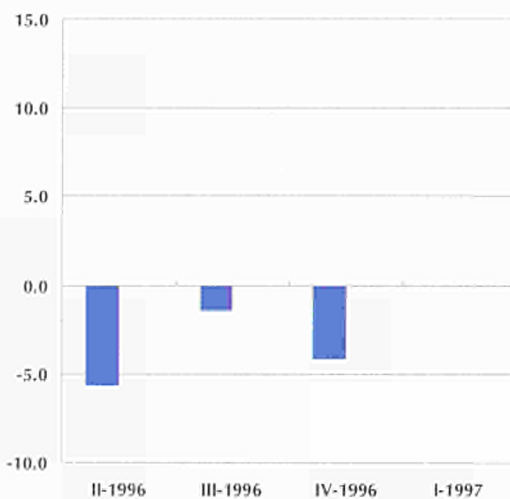
Ellada



España



France

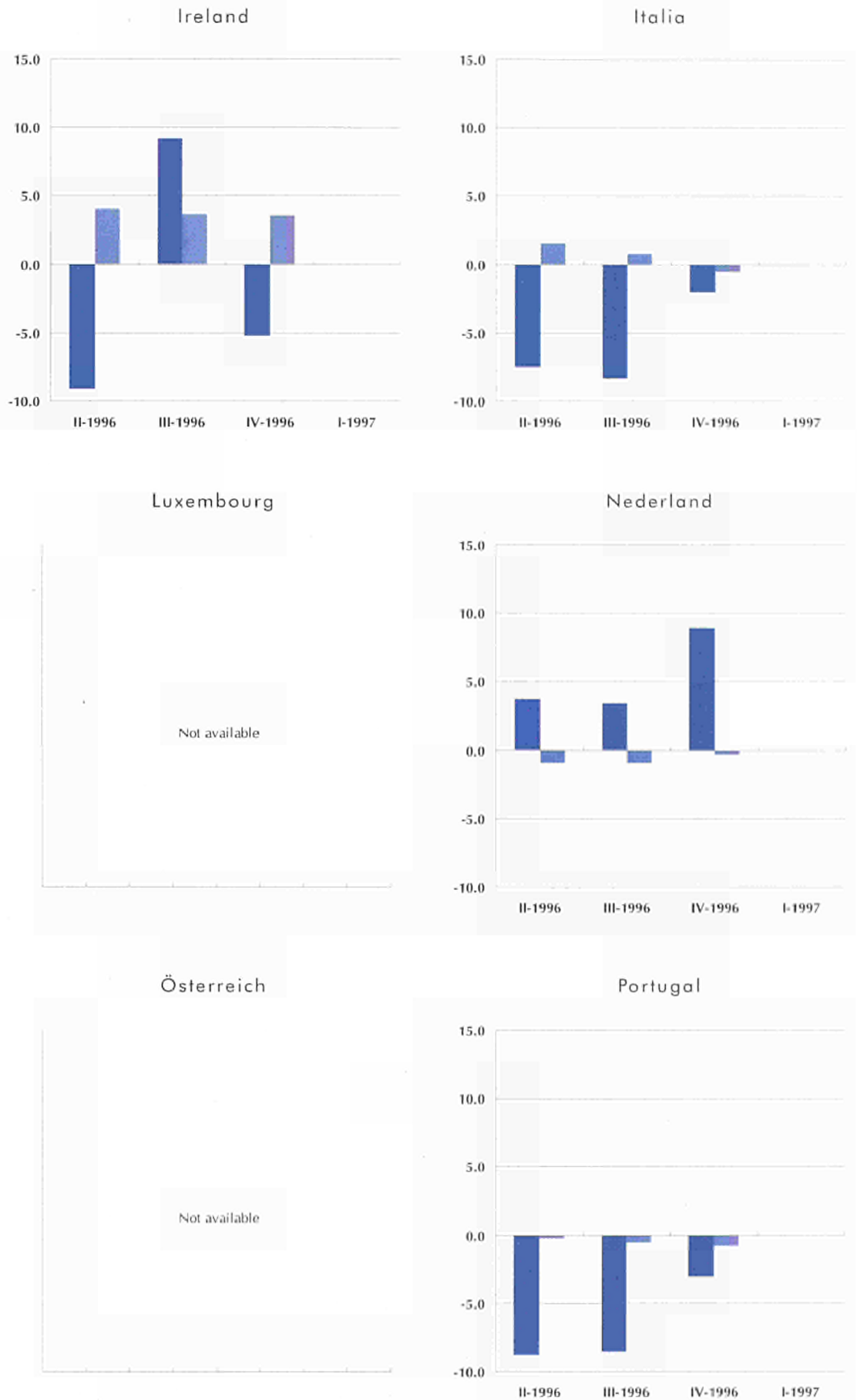


■ Production index
■ Producer price index

Source: eurostat

Figure 3.12

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

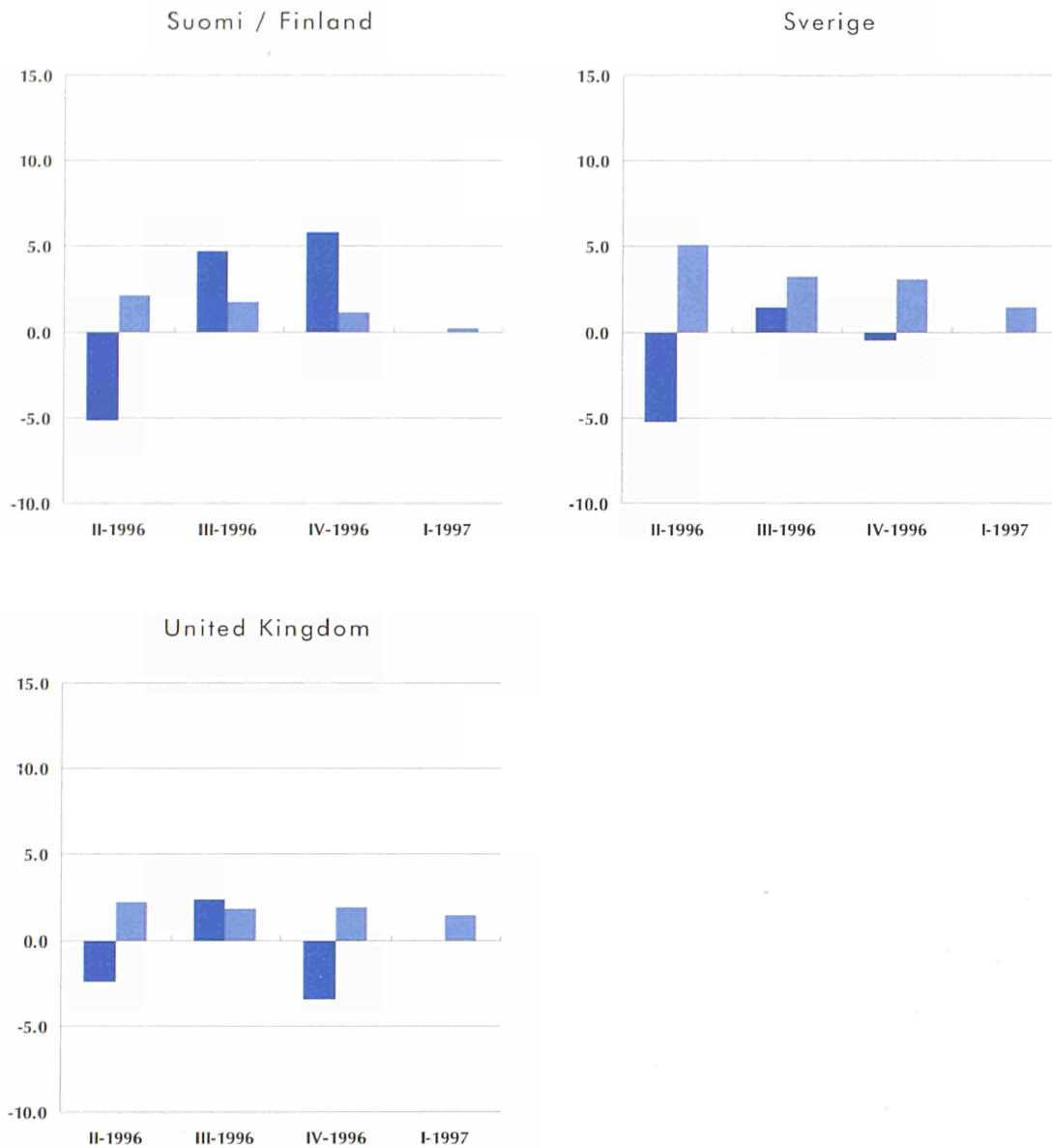


Production index ■
 Producer price index ■

Source: eurostat

PRODUCTION & PRODUCER PRICE INDICES

Figure 3.12



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

Further information - the production and producer price indices:

The indices of production are adjusted in two stages. Firstly, account is taken of the variation in the number of working days in the month. The national Statistical Offices provide Eurostat with these series (except Denmark, France, Spain and the United Kingdom). Secondly, for EUR15 and most of the Member States a correction is made using seasonal adjustment with TRAMO / SEATS, a method developed by Professor Maravall and V.Gomez. For France, Finland, Sweden and the United Kingdom, the indices are adjusted by the national statistical offices themselves. All data from Ireland is converted to NACE Rev.1 from the old classification NACE 1970 and is therefore less reliable.

The index of producer prices shows (in the national currency of the Member State in question) changes in the ex-works selling prices of all products sold on the domestic market. Since we deal with producer prices, imports are not included in these price indices. Producer price indices are not seasonally adjusted.

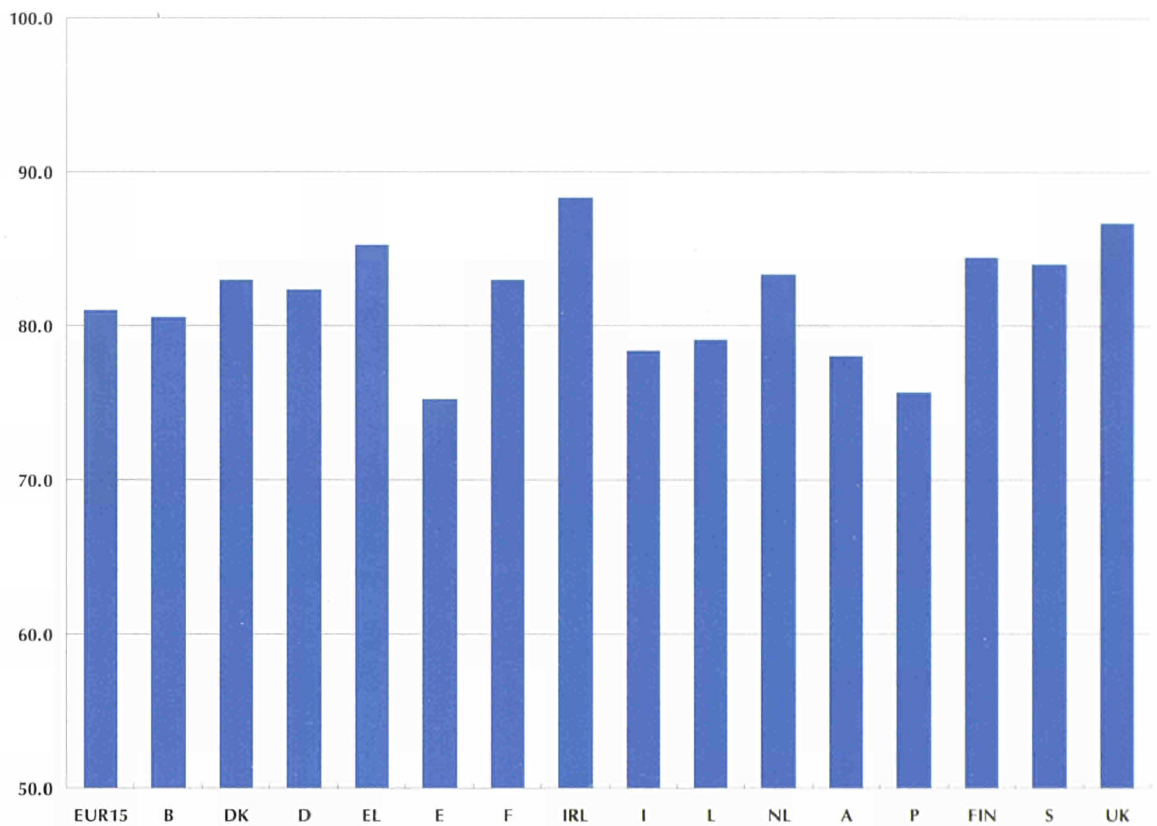
Full methodological notes may be found on page 71.

■ Production index
■ Producer price index

Source: eurostat

Figure 3.13

Capacity
utilisation rates,
first quarter 1997
(%)



Source: DG II,
Business Survey

Table 3.8

Annual growth rate:
latest quarter, t / t-4

II-1996

III-1996

IV-1996

I-1997

	Annual growth rate: latest quarter, t / t-4	II-1996	III-1996	IV-1996	I-1997
EUR15	1.0	79.0	80.0	81.2	81.0
B	6.1	77.9	80.4	81.9	80.5
DK	-1.2	78.0	80.0	82.0	83.0
D	3.1	80.9	83.4	83.2	82.3
EL	0.6	78.8	83.2	85.3	85.2
E	-3.0	70.7	76.5	73.4	75.2
F	0.9	79.4	82.1	82.6	83.0
IRL	4.9	84.8	86.7	90.3	88.3
I	-1.4	77.9	76.8	79.9	78.4
L	-0.9	86.8	72.0	67.9	79.1
NL	5.7	82.8	83.4	83.2	83.3
A	3.4	77.1	77.6	77.8	78.0
P	-0.4	70.9	76.1	74.2	75.7
FIN	5.8	82.8	82.0	84.0	84.4
S	:	88.0	79.0	81.0	84.0
UK	4.5	83.4	84.7	86.1	86.7

Source: DG II,
Business Survey

FOREIGN TRADE INDICES - TREND CYCLE

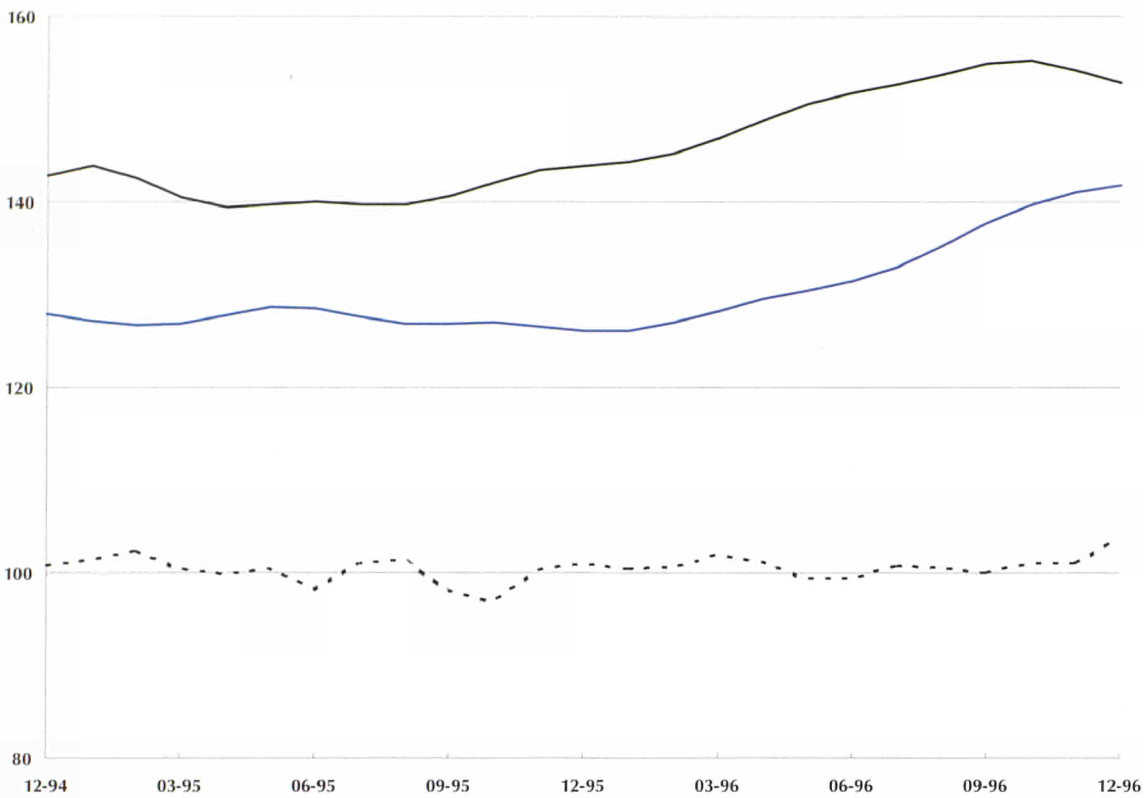


Figure 3.14

EUR15 foreign trade indices, trend cycle, in ECU terms (1990 = 100)

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

Source: eurostat

Latest 3 months available

Exports Value Volume

Imports Value Volume

Terms of trade

Table 3.9

	Latest 3 months available	Exports Value	Exports Volume	Imports Value	Imports Volume	Terms of trade
EUR15	10-96 ⇒ 12-96	0.2	-0.2	4.1	3.5	1.5
B / L	10-96 ⇒ 12-96	0.0	-0.7	1.5	1.1	2.1
DK	10-96 ⇒ 12-96	0.7	-0.4	3.5	2.4	-1.0
D	10-96 ⇒ 12-96	0.0	0.0	1.0	1.7	0.0
EL	07-96 ⇒ 09-96	4.4	-1.2	1.3	2.0	-1.1
E	10-96 ⇒ 12-96	4.3	3.1	6.5	4.1	2.1
F	10-96 ⇒ 12-96	1.5	0.2	1.0	-1.7	-0.1
IRL	08-96 ⇒ 10-96	0.0	-0.2	2.5	3.0	-0.9
I	10-96 ⇒ 12-96	-0.2	0.2	-0.7	1.3	-0.2
NL	10-96 ⇒ 12-96	0.1	-1.1	0.6	1.2	1.1
A	⇒	:	:	:	:	:
P	10-96 ⇒ 12-96	1.3	0.8	0.5	0.5	1.0
FIN	⇒	:	:	:	:	:
S	⇒	:	:	:	:	:
UK	10-96 ⇒ 12-96	0.3	0.3	2.9	3.5	1.4

Three month on three month growth rates for foreign trade indices, trend cycle, value indices are in ECU terms (%)

Source: eurostat

Figure 3.15

Annual growth rates for foreign trade indices, based on changes from the corresponding three months of the previous year, in ECU terms, gross data, Oct-96 to Dec-96 (%)

Export value ■
Import value ■

Source:  eurostat

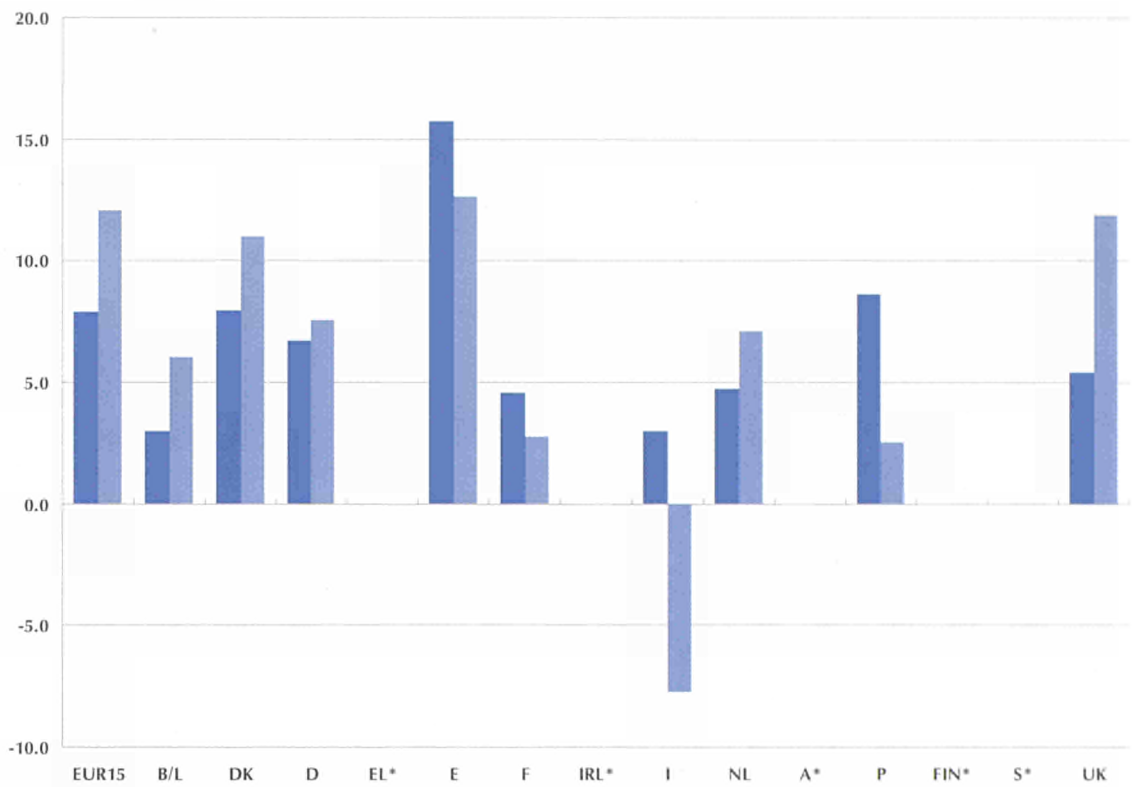


Table 3.10

Annual growth rates for foreign trade indices, based on changes from the corresponding three months of the previous year, value indices are in ECU terms, gross data (%)

Source:  eurostat

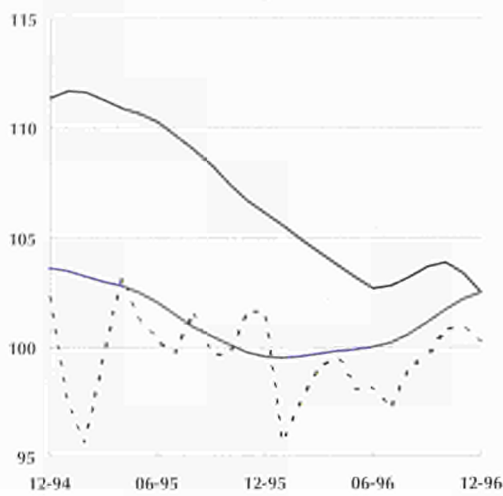
	Latest 3 months available		Exports		Imports		Terms of trade
	Value	Volume	Value	Volume	Value	Volume	
EUR15	10-96	⇒ 12-96	7.9	5.7	12.0	12.6	2.6
B/L	10-96	⇒ 12-96	3.0	1.7	6.0	4.5	-0.3
DK	10-96	⇒ 12-96	8.0	5.4	11.0	10.3	2.0
D	10-96	⇒ 12-96	6.7	7.2	7.5	7.9	-0.1
EL		⇒	:	:	:	:	:
E	10-96	⇒ 12-96	15.7	14.2	12.6	6.6	-3.9
F	10-96	⇒ 12-96	4.5	4.0	2.7	-1.3	-3.7
IRL	08-96	⇒ 10-96	0.0	0.1	8.1	6.1	-2.2
I	10-96	⇒ 12-96	3.0	6.6	-7.8	-0.1	4.9
NL	10-96	⇒ 12-96	4.7	2.1	7.1	6.9	2.7
A		⇒	:	:	:	:	:
P	10-96	⇒ 12-96	8.6	7.8	2.5	4.4	2.7
FIN		⇒	:	:	:	:	:
S		⇒	:	:	:	:	:
UK	10-96	⇒ 12-96	5.4	5.3	11.9	12.1	0.2

FOREIGN TRADE INDICES - TREND CYCLE

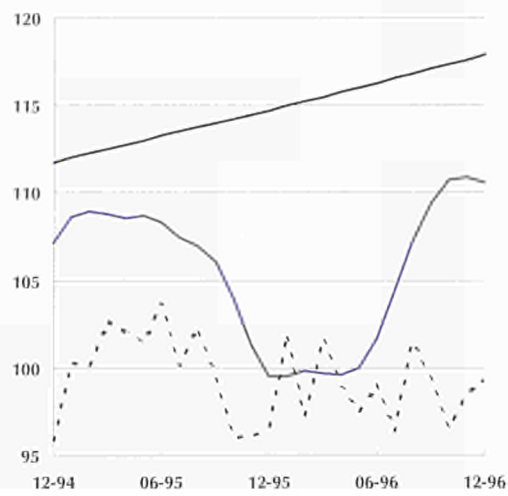
Figure 3.16

Foreign trade indices
in ECU terms,
trend cycle
(1990 = 100)

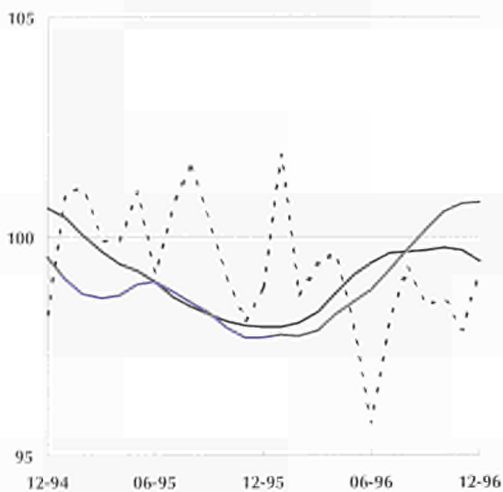
Belgique / België, Luxembourg



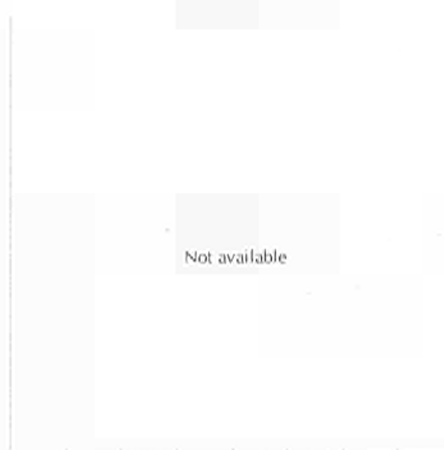
Danmark



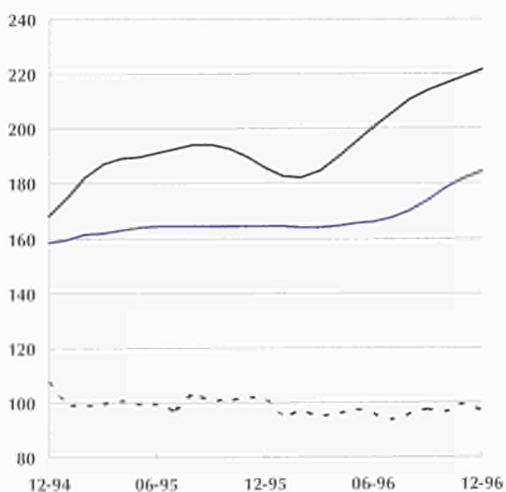
Deutschland



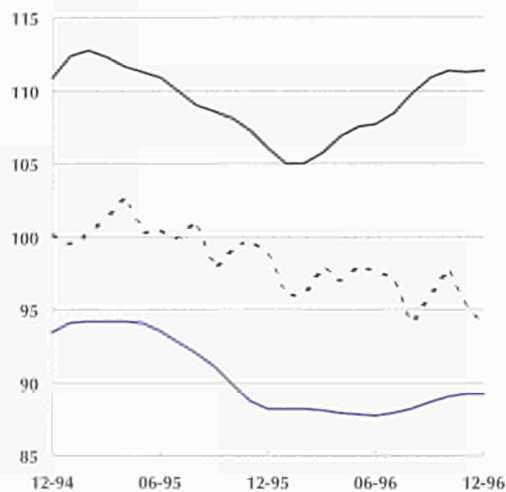
Ellada



España



France

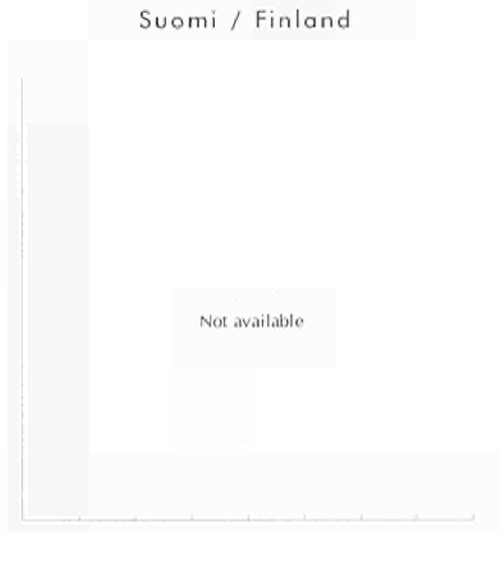
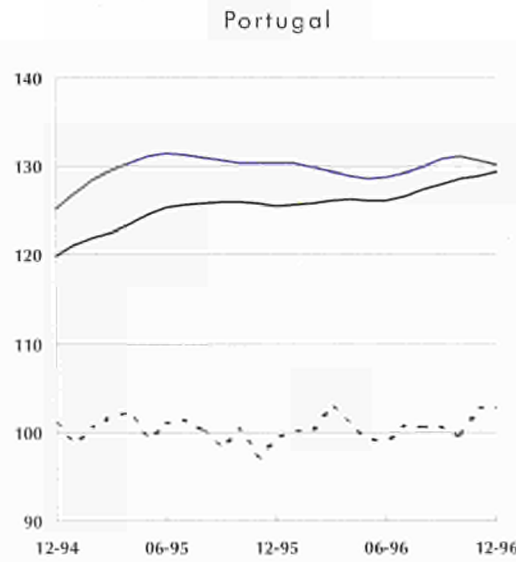
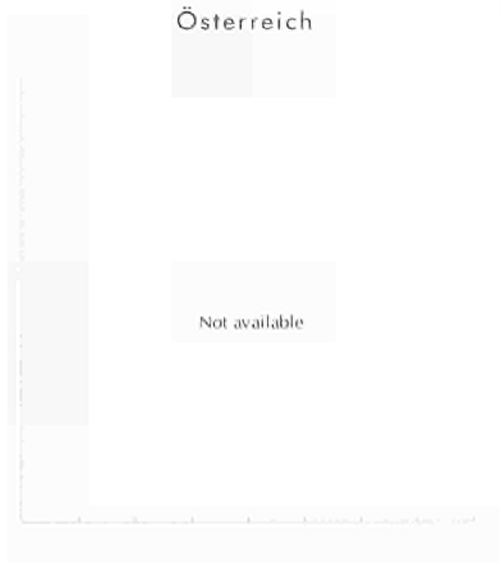
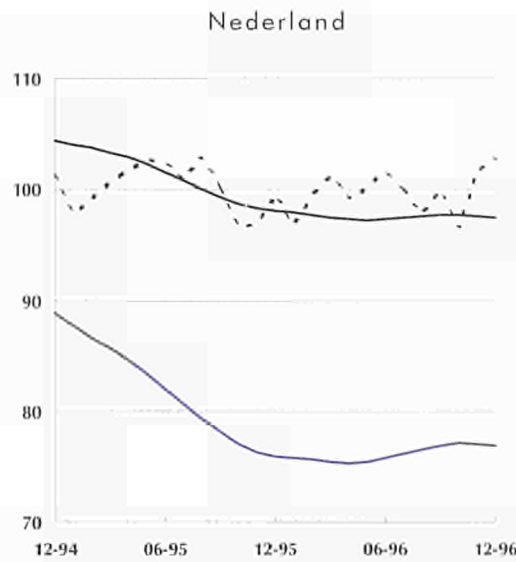
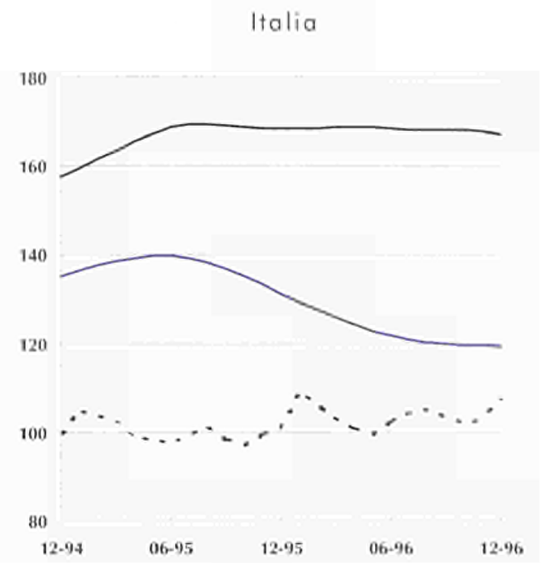
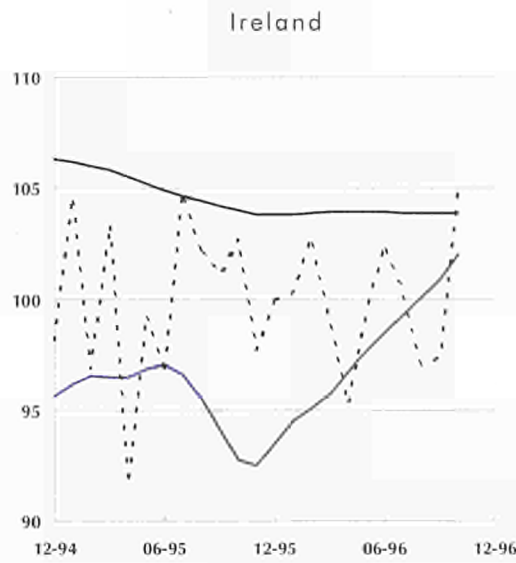


- Export value index
- Import value index
- - - Terms of trade

Source:  eurostat

Figure 3.16

Foreign trade indices in ECU terms, trend cycle (1990 = 100)



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

Source: eurostat

FOREIGN TRADE INDICES - TREND CYCLE

Sverige



United Kingdom

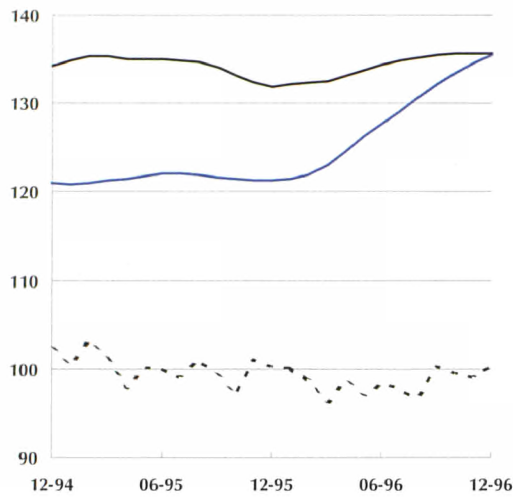


Figure 3.16

Foreign trade indices
in ECU terms,
trend cycle
(1990 = 100)

Further information - the foreign trade indices:

For the indices of imports and exports, foreign trade data of industrial products (following the nomenclature of the Harmonised System) were grouped according to the industrial NACE Rev.1 activity to which they belong. This grouping of products causes inevitably certain inaccuracies which can reduce the reliability of these foreign trade series. The indices for EUR15 refer only to extra-Union trade, the indices for Member States reflect also intra-Union trade.

For more extensive details of the methodology of short-term indicators please refer to the Eurostat publication "Methodology of Industrial Short-term Indicators" - CA-97-96-079-EN-C.

Full methodological notes for this publication may be found on page 71.

— Export value index

— Import value index

----- Terms of trade

Source: eurostat



The files on the diskette are broken down by industrial branches. Each file contains all countries and indicators for a particular industry. The files have the following format: country, indicator, branch, periodicity, datatype, data e.g. EF,PROD,B0020,M,S,85.14164...

Step by step guide to using the data on the diskette:

1. Copy the file MPEI.EXE from the diskette to a directory on your hard disk (usually C:\...).
2. If in WINDOWS, switch to the File Manager and double-click on the file. The files will self-extract themselves (into the directory from which the program is run). You may need to perform WINDOW - REFRESH to see the

files once the procedure has finished.

3. If in DOS move to the directory you placed the file in (for example, C:\DATA>) and then type the name of the file (MPEI.EXE) and press <ENTER>, the files will self-extract and be placed in the same directory as the EXE.
4. The files are simple, plain text files, with the .TXT extension. The files are comma separated and use speech marks as a delimiter.
5. It should be easy to import/open the data-files into any standard spreadsheet or database package.
6. There is a file for each branch available at the NACE 2-digit level, codes are given in the readme.txt file supplied on the diskette.

Branches:

B0020 Total Industry Excluding Construction
 B0040 Intermediate Goods Industry
 B0050 Capital Goods Industry
 B0060 Durable Consumer Goods Industry
 B0070 Non-Durable Consumer Goods Industry
 B1000 Mining of Coal and Lignite; Extraction of Peat
 B1100 Extraction of Crude Petroleum and Natural Gas; Service Activities Incidental to oil and Gas Extraction, excluding Surveying
 B1200 Mining of Uranium and Thorium Ores
 B1500 Food and Drink Industry
 B1600 Tobacco
 B1700 Manufacture of Textiles
 B1800 Clothing Industry
 B1900 Leather and Shoe Industry
 B2000 Manufacture of Wood and Products of Wood
 B2100 Paper Industry
 B2200 Publishing, Printing, Reproduction of Recorded Media
 B2300 Manufacture of Coke, Refined Petroleum

Products, Nuclear Fuel
 B2400 Chemical Industry
 B2500 Manufacture of Rubber and Plastic Products
 B2600 Manufacture of Other Non-Metallic Mineral Products
 B2700 Manufacture of Basic Metals
 B2800 Manufacture of Fabricated Metal Products
 B2900 Mechanical Engineering
 B3000 Manufacture of Office Machinery, Computers
 B3100 Manufacture of Electrical Machinery
 B3200 Manufacture of Radio, TV and Communication Equipment
 B3300 Manufacture of Medical, Precision and Optical Instruments
 B3400 Manufacture of Motor Vehicles
 B3500 Manufacture of Other Transport Equipment
 B3600 Manufacture of Furniture; Manufacturing not elsewhere classified
 B4000 Electricity, Gas, Steam and Hot Water Supply
 B4500 Construction

Industry classification system

NACE Rev.1,
definitions of main industrial groupings



Statistical sources

sources and methods used for short-term
indicators and structural data; notes on series
used and calculation methods

Signs and abbreviations

specific to use in this publication



Industry classification system

The economic activities used in this publication are defined in the revised Classification of Economic Activities within the European Communities, NACE Rev.1. This classification was laid down in a Council Regulation in 1990 (OJ L293 24th October 1990). It should be noted that many series before 1990 and a large amount of annual data even between 1990 and now had to be converted from the old classification NACE 1970. This estimation process can reduce the reliability of the data. Main industrial groupings that are used in Section 2 of this publication have the following definitions in terms of NACE Rev.1.

Total industry

C + D + E,

i.e. mining, manufacturing and energy supply

Intermediate goods industries

13.1, 13.2, 14.1-14.5, 15.6, 15.7, 17.1-17.3,
20.1-20.5, 21.1, 21.2, 24.1-24.3, 24.6, 24.7, 25.1, 25.2,
26.1-26.8, 27.1-27.5, 28.4-28.7, 31.2-31.6, 32.1, 34.3,
37.1, 37.2

Capital goods industries

28.1-28.3, 29.1-29.6, 30.0, 31.1, 32.2, 33.1-33.3, 34.1,
34.2, 35.1-35.3

Durable consumer goods industries

29.7, 32.3, 33.4, 33.5, 35.4, 35.5, 36.1-36.3

Non durable consumer goods industries

15.1-15.5, 15.8-16.0, 17.4-17.7, 18.1-18.3, 19.1-19.3,
22.1-22.3, 24.4, 24.5, 36.4-36.6

If Member States dispose of more detailed data series at the 4 digit level of NACE Rev.1, a more elaborate definition at this level of disaggregation is used.

Statistical sources

Most of the data in this publication is harmonised data supplied to Eurostat by the EU Member States. The exceptions are:

- 1) The capacity utilisation series which come from the business surveys carried out on behalf of the Directorate General for Economic Affairs of the Commission (DG II).
- 2) The estimates for the latest years' structural data, which are supplied by the DEBA European Economic Interest Group:
DEBA GEIE, 1, rue Emile Bian,
L-1235 Luxembourg;
tel: (352) 29 77 71-1.
- 3) The data for the USA and Japan, which are supplied by the OECD.

Data sources are indicated for each statistical table. Every effort has been made to include data for the EUR15 Member States. The indices from 1991 onwards are on a post-unification basis and include East-Germany. However the structural data is still on a pre-unification basis.

Short term indicators

The index of production measures changes in the volume of the gross value added created by industry, the branch indices being aggregated by means of a system of weighting according to gross value added at factor cost. The indices are adjusted to take account of the varying number of working days in the month.

The index of producer prices shows (in national currencies) the changes in the ex-works selling prices of all products sold on the domestic markets of the various countries. The EU indices refer to overall weighted price changes. There are not yet indices for Austria. No seasonal adjustment is carried out on these indices.

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

STATISTICAL SOURCES, SIGNS & ABBREVIATIONS

The value indices are all in ECU terms. The indices for the EU refer only to extra-Union trade, the indices for Member States reflect also intra-Union trade.

The capacity utilisation series come from quarterly European Union business surveys.

For further details of the methodology employed, please refer to the Eurostat publication "Methodology of Industrial Short-term Indicators" CA-97-96-079-EN-C.

Seasonal adjustment

All series except prices and capacity utilisation are seasonally adjusted with TRAMO / SEATS, a method developed by Professor Maravall and V. Gomez. This adjustment also takes account of one-off fluctuations (so called outliers). For France, Finland, Sweden and the United Kingdom the indices are seasonally adjusted by the national statistical office. In addition, Eurostat calculates the trend cycle, i.e. seasonally adjusted series, where additionally the irregular fluctuations have been excluded (using the program TRAMO / SEATS).

Growth rates

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

Graphs

The line graphs show the trend cycle. The bar graphs show the annual growth of the index, using a working day adjusted series. For Member States where just one month is missing (and not more), this missing value was estimated in order to bring the growth rate for all Member States up to the same date. This estimation is indicated by ** in the graph.

Structural data

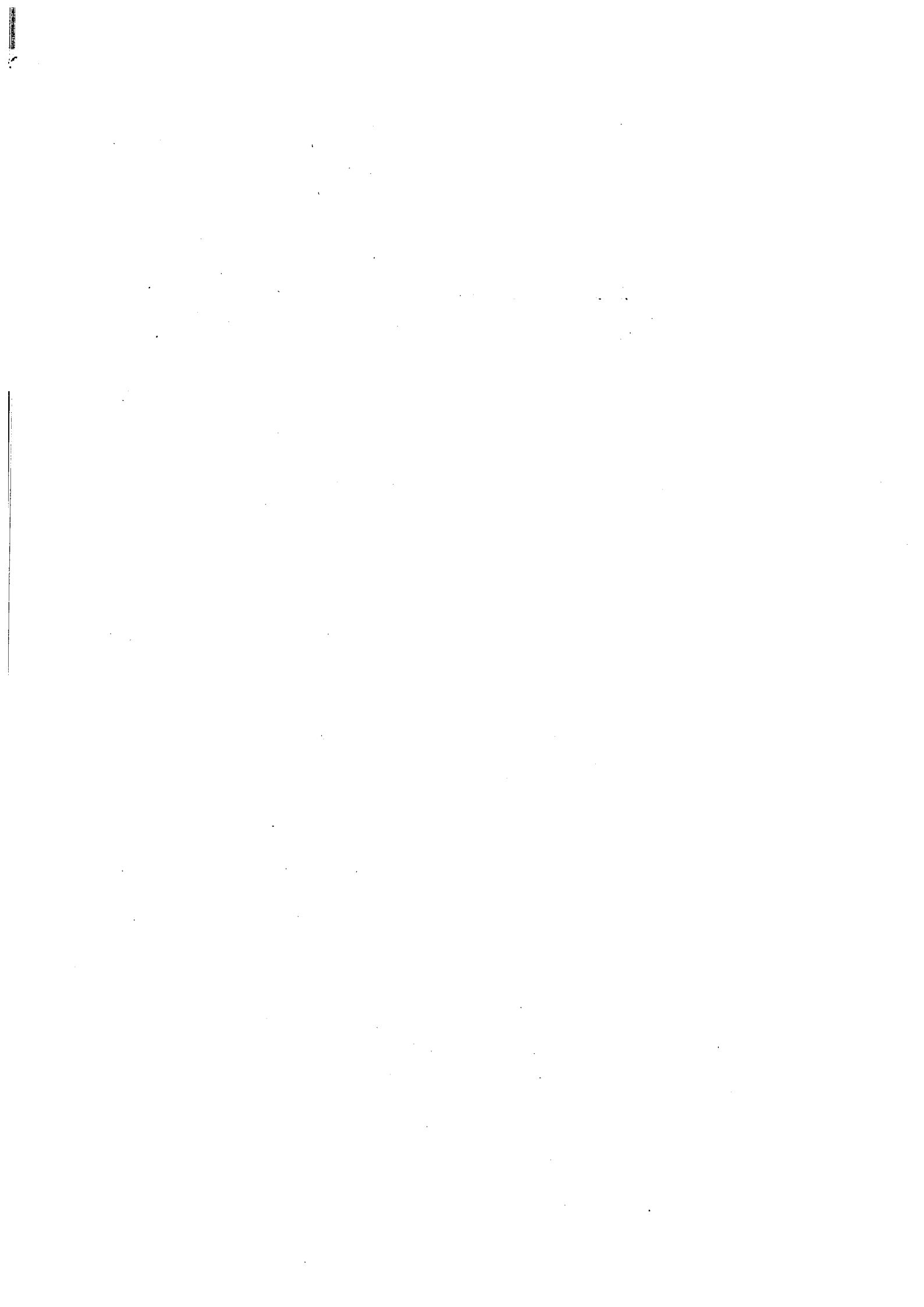
Data for structural statistics are in current ECU unless otherwise stated. Data for value added at factor cost, production, labour costs and employment come from annual enquiries conducted by Member States involving all enterprises with 20 or more employees. The exceptions to this are Spain (local units of all sizes), Portugal (enterprises with 10 or more employees) and Finland (establishments employing five or more persons). The employment data relates to the number of persons employed, excluding home workers. The definitions are standardised and so the figures are comparable across industries and countries.

Estimates are not supplied to Eurostat by Member States for the smaller firms not covered by the enquiries, and hence the figures under-report the actual values. In certain industries this may be a serious problem in the interpretation of series, especially when comparing with other industries.

Gaps in Eurostat's data have been filled by estimates supplied by DEBA GEIE. Thus, EUR15 totals often contain estimates for missing countries. Estimates are shown in bold. Attention should be drawn to the fact that the data has just switched to the NACE Rev.1 classification, this may result in revisions of data being made in the medium-term.

Signs and abbreviations

B / L	Belgo-Luxembourg Economic Union
ECU	European currency unit
TRIAD	EU, Japan and the USA
w.d.adj.	working day adjusted series
Billion	thousand million
*	not available (in graphs)
:	not available (in tables)
**	estimation (in graphs)
data in bold, estimation (in tables)	
1990 = 100, reference year	



6 Mergers and acquisitions in Europe



Historical background



Terminology

Motives for mergers and acquisitions

Analysis of the most recent
wave of mergers and acquisitions

Quantitative approach





In this section

Historical background	76
Terminology	78
Motives for mergers and acquisitions	79
Analysis of the most recent wave of mergers and acquisitions	81
Quantitative approach	82

Introduction

This article on mergers and acquisitions (M&As) will be spread over this and the next issue. Next month two other strands of analysis will be presented (financial approach and sectoral approach) as well as conclusions.

Historical background

The phenomenon of mergers and acquisitions first appeared in the USA more than a century ago, and its development (like that of most economic activities) has been of a cyclical nature with a clearly observable tendency to quicken in a period of accelerated economic growth and rising stock market prices. The question of the precise relationship between M&As and periods of economic growth (whether it is a virtuous circle in which growth induces M&As which induces further growth, and so on, over a certain period, or simply a random phenomenon) is still unanswered. We all know that periods of economic growth do not occur simultaneously throughout the world: there is a time-lag between the USA and the UK and another between the UK and the European continent; and the M&As phenomenon has also tended, in practice, to follow the same pattern of geographical development by starting in the USA and spreading to the United Kingdom and Europe in turn.

There have been four major waves of M&As in the USA:

★ *The first wave unfurled between 1880 and 1905*

The timing of this first wave corresponded with the proliferation of joint stock companies and the development of stock exchanges. It was characterised by horizontal concentrations (mergers of two businesses in the same sector) resulting in the establishment of powerful monopolies in the oil and steel sectors, for example, in the early years of the present century.

★ *The second wave started in the 20s*

This time, the concentrations were more of a vertical nature (upstream expansion by businesses acquiring control over sources of raw materials and downstream expansion by businesses with an eye on the final consumer) and was characterised by the emergence of another type of large-scale enterprise of an oligopolistic nature such as those which came into being in the non-ferrous metals sector.

For more informations on the contents of this contents of this section contact:

Paris Sansoglou
tel: (352) 3410 4012
fax: (352) 346999
e-mail: XOSA091@nopc.eurostat.cec.be

HISTORICAL BACKGROUND

★ *The third wave started in the 60s*

The period following the crisis which blighted the 30s and the enactment of the anti-trust legislation in the United States was marked by a change in the theory underlying the M&As movement in favour of risk-spreading and anticyclical investment, i.e. the principle of diversification. The third wave can be described as the heyday of the conglomerates (mergers of two businesses in two different and unrelated sectors).

★ *The fourth wave is largely a phenomenon of the post-1980 period*

It started, paradoxically, in a period of recession and lacklustre prices. And this is the wave we propose to examine in greater detail in the present article.

It needs to be emphasised that M&As started much later in Europe than in the USA. The first two waves on the other side of the Atlantic had no significant repercussions in Europe, largely because of the statutory obstacles imposed by the national systems of legislation in force in the European countries at that time. It is generally agreed that the first wave of M&As in Europe was set in motion by the removal of certain obstacles to trade in the years following the creation of the EEC in 1957. The second wave of M&As in Europe started in the 80s. And the timing of these first two waves is evidence of their close connection with the two which had already swept through the USA.

The evolution of M&As is closely bound up not only with the evolution of the regulations and financial provisions laid down in the legislation relating to the activities of commercial and industrial enterprises but also with the evolution of the capital structure of the businesses which participate in the action on this front.

A closer look at the evolution of the legislation in Europe and the United States reveals that the waves of M&As have sometimes been initiated and sometimes punctuated by certain modifications of the

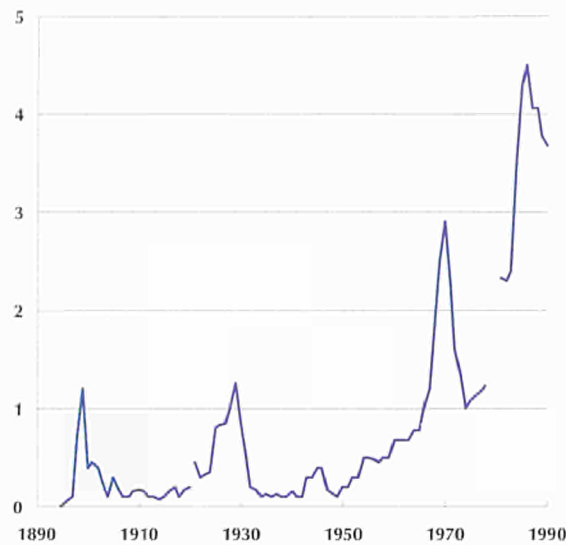


Figure 6.1

General trend of mergers and acquisitions in the USA since the end of the 19th century (thousands)

Source: Acquisitions monthly¹

legislation in force. The Treaty of Rome, which provides for the establishment of a Common Market and involves the modification of the national legislation of the Member States and thus enables the progressive removal of certain trade barriers, made a crucial contribution to the development of the first wave of M&As in Europe, and the Treaty of Maastricht initiated the second. Another case in point is the Merger Regulation which came into force on 21st September 1990 and which established a system of control over M&As operations with a Community dimension. It provided the Commission with a new tool to supplement the provisions of Articles 85 and 86 of the Treaty of Rome. The Sherman Act came into force when the first wave of M&As was building up in the United States, and the Clayton Act came into force between the first two waves in that country: so it ended the first wave and established the basic conditions for the second. Similarly, the Hart-Scott-Rodino Antitrust Act ended the third wave of M&As in the United States. It is possible to say that there were two types of legislation that had an impact on mergers and acquisitions: firstly, legislation promoting economic integration; and secondly, anti-trust regulations. The effects of the former are generally to initiate a wave of merger activity (as for example in the case of the Single Market), and for the latter to slow down or stop the activity.

1) Source: M.S. Salter & W.A. Weinhold; Acquisitions Monthly; Merger and acquisition review in "Seminar on Mergers and Acquisitions, 29 & 30 October 1991, Chaire Coopers and Lybrand, organised by the Ecole de Commerce Solvay, Université Libre de Bruxelles".

The structure of equity, which is also intimately linked with the evolution of the various legal systems, has also undergone a number of very profound changes in the last century or so. This evolutionary process can be subdivided into four main phases:

- ★ firstly, there was the heritage at the end of the 19th century, the phase of the entrepreneur-manager;
- ★ there followed a phase in which a distinction needed to be drawn between the manager on the one hand and the owner of the business on the other;
- ★ the third phase saw the invasion of the field of ownership by suppliers of capital on the one hand and fund managers on the other;
- ★ finally, in the present phase, a distinction needs to be drawn between savings' planners and beneficiaries.

We can therefore recognise, in each new phase of the evolution of capital, the emergence of an increasing number of deciders and an ever-widening range of beneficiaries of business activity.

To recapitulate, the history of M&As can be seen to have been characterised by a progressive and increasingly clear-cut dichotomy between entitlement to profits and the right to participate in the decision-making process. These changes have also had an impact on shareholding, which is nowadays spread among a steadily increasing number of smaller shareholders, many of whom are collectively represented. Furthermore, as a result of these changes, the natural or legal persons with final claims on a business have found themselves increasingly isolated from the management of the enterprise. Hence the increasingly frequent development of situations in which these investors or their representatives pursue their private objectives without any regard for the interests of the business as such.

Terminology

Merger: is a method of concentration whereby two or more companies decide to pool their assets in order to form a single enterprise. The participating companies disappear and are replaced by the new enterprise formed by the operation.

Acquisition: is a method of concentration whereby a business acquires one or several other enterprises which either disappear or become subsidiaries of the business which acquired them.

Liquidation: is the operation whereby a business ceases to exist and liquidates its assets with a view to reimbursing its creditors including its shareholders who are the ultimate creditors.

Take-over bid: consists in a public declaration by an agent or (most frequently) a group, which undertakes to purchase at a given price (higher than the current market price) by a certain date, all or a certain percentage of the shares in a company. This technique based on stock-exchange prices was first used in the United States (as far back as the 20s) and the UK, whence it spread to the European continent in the 60s and really took off in Europe in the 80s.

Share exchange bid: is another technique, similar to a take-over bid, based on stock-exchange prices, consisting in a public declaration, by an agent or a group, of its readiness to exchange the shares of one company for other shares.

LBO - MBO: an LBO (Leverage Buy Out) is an operation whereby the management of a company decides to purchase all or part of the company by which it is employed, with recourse to borrowed funds on a more or less substantial scale. Leverage Buy Out is a generic term for:

MOTIVES FOR MERGERS AND ACQUISITIONS

★ *Management Buy Out (MBO or LMBO)*: the take-over of a company by its current management;

★ *Management Buy In (MBI)*: purchase of a company by an external management;

★ *Buy In Management Buy Out (BIMBO)*: purchase of a company by its current management with the assistance of an external management;

★ *Institutional Buy Out (IBO)*: purchase of a company initiated by a financial intermediary who keeps control over the company;

★ *Corporate Buy Out (CBO)*: take-over of a company by another using borrowed funds.

Junk Bonds: first appeared in the United States as a tool for the reinjection in the financial circuit of the “Fallen Angels” (i.e. companies that had fallen on hard times). More precisely, nowadays, the term is applied to bonds with a rating, by one of the two leading American rating agencies (Moody’s or Standard & Poor’s), which is lower than BBB or BAA (i.e. regarded as being in a high risk category). Junk Bonds are issued by companies whose credit rating has fallen to a very low level, by young companies which are rapidly expanding or by companies which are involved in LBO transactions. It should be noted in passing that the junk bonds market has not developed in continental Europe for various reasons (partly because of legal constraints, partly as a reflection of financial culture and partly because of certain structural factors) and has remained an essentially “anglo-saxon” phenomenon.

Motives for M&As

A business or a manager can decide to become an M&A player for a number of different reasons. A manager taking such a decision can be said to have opted for external growth rather than internal growth. Most of the underlying motives for this decision can furthermore be classified under one of two headings:

★decisions of a strategic nature;

★decisions of a financial nature.

Be it for financial purposes or for strategic, the primary consideration in a take-over is to make a profit. Financial theory tells us that a merger is an economic operation to make a gain, with the two firms together being worth more than they are apart (without taking the costs of the merger into account):

$$\text{Gain} = VA_{AB} - (VA_A + VA_B)$$

For strategic motives more specifically, one of the main considerations is generally that of gaining time for the growth of one’s company. Depending on the strategy of the Board of Directors of the business, a manager can expect to receive a more or less generous executive compensation for growth. The other underlying motives for M&As include, inter alia, the elimination of barriers which would otherwise be difficult to overcome.

The above mentioned gains, which constitute a powerful motive for a merger or an acquisition, can result from the rationalisations or synergies associated, for example, with an extension of the range of products or the market, economies of scale, technological or managerial synergies or the mobilisation of supplementary resources.

Other possible motives for take-overs can include the acquisition of market shares or the reduction of competition in the buyer's own market, the wish to profit from the inefficiency of the market (industrial under-exploitation) or from managerial inefficiency. Finally, in certain cases, the only motive for embarking on a merger or an acquisition may be the desire to acquire one or several specific assets.

In the forefront of the financial motives for M&As, there is the desire to build up income and cash flows, closely followed by the desire to profit from the under-exploitation of physical and financial resources. Certain M&A operations are carried out for purely fiscal reasons (e.g. the take-over of debts) while others are prompted by the desire to diversify with the aim of reducing risks and uncertainties; and in other cases, a company may become a player in this domain because there are no prospects of growth or sufficiently profitable investments in its own sector of industry.

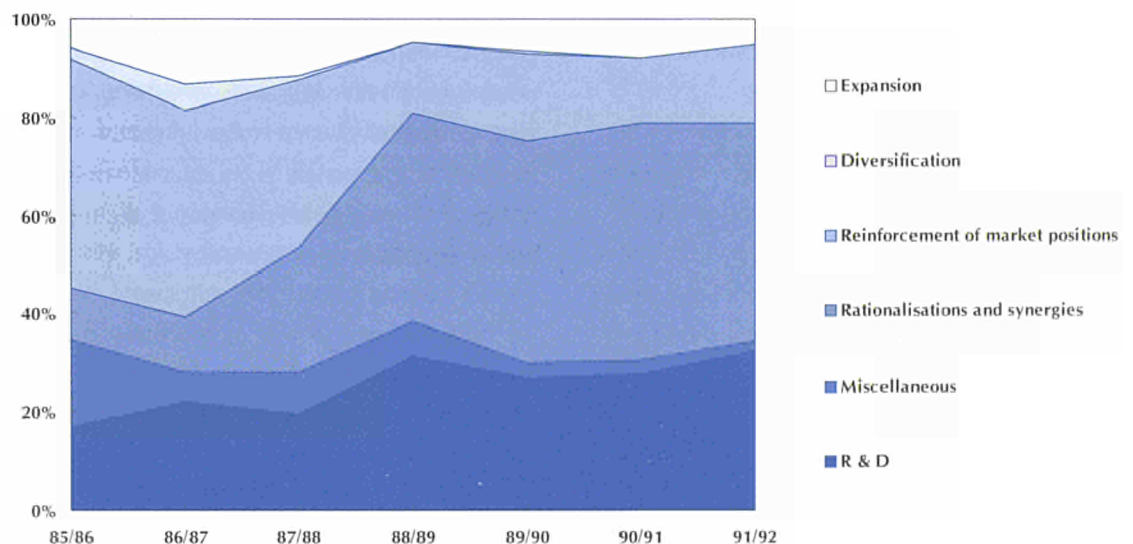
It is interesting to observe that the motives for M&As can change across time, and a good example of this is the R&D which has a growing importance in the motives for M&As. According to some analysts, the motives for the most recent wave of M&As in Europe are traceable partly to the adoption of defensive strategies, bearing witness to a certain determination to carry out restructuring operations, in 1985-1986 (at the start of the revival of economic growth), and partly to the adoption in 1991-92 (shortly after the fourth wave of mergers and acquisitions reached its peak) of offensive strategies reflecting the determination of the operators on the M&A front to reinforce their position in the market and their capacity to expand.

Finally, it is useful to distinguish between successful M&A operations and M&A bids. As already mentioned, a merger can produce a gain. But mergers also frequently give rise to a cost which is generally defined as the acquisition premium, in excess of its value, paid for the company which is taken over.

$$\text{Cost} = \text{purchase price} - VA_B$$

Figure 6.2

Evolution of motives for M&As (%)



Source: Commission services

ANALYSIS OF THE MOST RECENT WAVE OF MERGERS AND ACQUISITIONS

The purchase price includes the amounts paid to the shareholders (merger premium) and to the bankers and financial and legal advisers (debt servicing). This results in the diversion of a part of the gain from the merger to the other players in the M&A operation, amongst which are the shareholders who sell their shares. Recent studies of mergers have furthermore shown that the most substantial gains are made, on average, by the sellers and the rejected suitors rather than the final purchasers. Hence the occurrence, in practice, of M&A bids which are simply intended to trigger the intervention of another buyer (either the targeted company itself or a "White Knight") so as to push up the purchase price of the shares in the targeted company and hence to make a substantial profit on the sale of the shares already held. The recent bid for Chrysler was a case in point: the unsuccessful bidder's offer was solely intended to maximise the profit on the sale of its stake in the company in question.

We can now take a closer look at the data on the most recent wave of M&As in the EU.

Analysis of the most recent wave of M&A

The main source of our detailed data is the AMDATA database produced by the UK periodical Acquisitions Monthly which covers public and private take-overs, minority shareholdings, buy-outs, reverse take-overs, transfer agreements, strategic alliances and potential concentrations: its contents include the data for every country in the world since 1984, and it therefore constitutes a comprehensive and eminently exploitable tool for our analysis of the main domestic and cross-border operations over a period of more than ten years. On the other hand, however, AMDATA does not provide any information on small and medium-scale M&As operations prior to 1990, and the data on small operations frequently fail to indicate their value.

Our analysis focuses on all M&A operations completed between 1984 and 1995 which involved two companies of which one at least was an industrial company in the broad sense (i.e. a company with a main or secondary activity of an industrial nature). The period covered by the database more or less corresponds to that of the most recent wave of M&As.

We will focus firstly on the number of M&A operations, secondly on their value and thirdly on the sectoral aspect of these phenomena. The analysis by sector is further refined by distinguishing between the operations involving companies of which one at least was an industrial company in the strict sense (i.e. a company with an industrial activity as its main activity) and those involving two companies which were both industrial companies in the strict sense of the term.

Quantitative approach:

This approach focuses on M&A operations involving companies with a main or secondary industrial activity. At this stage, it is important to remind the reader that there is a significant difference between national and cross-border M&As. Indeed, the economical implications of these two sorts of concentrations are quite differentiated: for the former, the main purpose of the operation is a stronger position on their national market (which can have some protectionist effects) while for the latter, the objective is to expand to other strategic markets (i.e. aiming for integration and globalisation). We will have the opportunity to get into more detail at a later stage of our analysis.

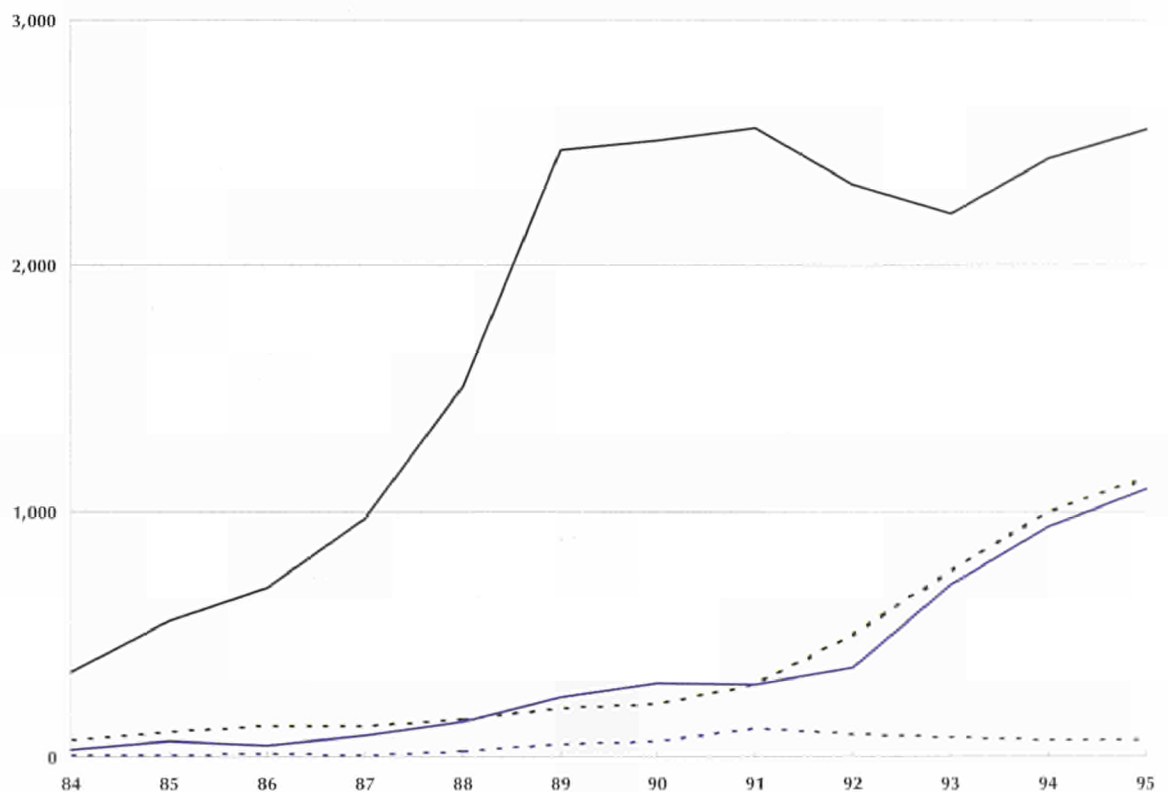
The period up to and including 1989 saw a very strong growth in the world total number of industrial M&As operations (national and cross-border), from slightly over 440 in 1984 to 2,960 in 1989. However, concerning those figures, the reader should be aware that AMDATA's coverage of

national M&A operations is rather unequal throughout the period. That is why the reader is presented with a reserved commentary regarding the total aggregate number of operations and more specifically those occurring at the beginning of the period. The numbers of these operations fell back to a more modest level just after 1989 but appears to have started rising again in 1993. In the period up to 1991, this trend was mainly due to the evolution of M&As in Europe. After 1991, the revival of M&As was largely initiated by the wave of M&As which started on the other side of the Atlantic.

Europe was in fact notable, throughout the 1984-1995 period, for being the region with the largest numbers of mergers and acquisitions in terms of both buyers and targets. It must be pointed out, however, that the scale of most of the operations in question was relatively low in relation to the world average. We will examine the value aspect of M&As in more detail at a later stage of our analysis.

Figure 6.3

Evolution and geographical origins of total number of industrial M&A operations between 1984 and 1995 (units)



Source: Amdata

ANALYSIS OF THE MOST RECENT WAVE OF MERGERS AND ACQUISITIONS

Examination of the trends of the number of industrial mergers and acquisitions by nationality of the buyer reveals that the two trends were not identical:

- ★ on the one hand, we have the trends for the buyers of EU, EFTA and Japanese origin which show an increasing number of M&A operations when the economy was moving towards a peak and a decreasing number in the recession phase;
- ★ on the other hand, we have the trends in the USA and other third countries, which experienced the development of a strong wave of M&A activity after 1991.

It is interesting to note the parallelism of the trends of manufacturing production and M&A activity for EUR15. It can be seen, in fact, that the number of industrial M&A operations in Europe grew rapidly up to 1989. The attainment of a peak in that year was partly attributable to the transformation of the economic environment in the EU by the Internal Market Programme. Economic activity also peaked in Europe in the same year. European businesses thus became more attractive targets for non-EU enterprises including, in particular, those which needed to establish a foothold in this new market in which moreover, the removal of barriers to trade was also an incentive for European enterprises to review their M&A strategies. It can also be seen that the numbers of industrial M&A operations rose slowly over the 1990-1991 period, suffered a setback in 1992-93 and then started rising again: and that three-year period more or less corresponds to the time-span of the recent recession in Europe.

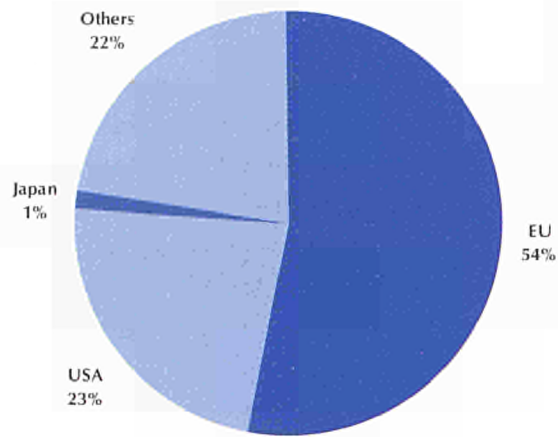


Figure 6.4

Geographical breakdown of total number of industrial M&A operations in 1995

Source: Amdata

The USA experienced a different pattern of evolution: instead of declining, the number of M&A operations increased at a modest rate up to 1990 and began to grow apace in 1991, the year in which the country emerged from the recession.

Analysis of the targets of all these M&A operations confirms the leading position occupied by the European Union in this respect, mainly because the largest numbers of bids are made by European

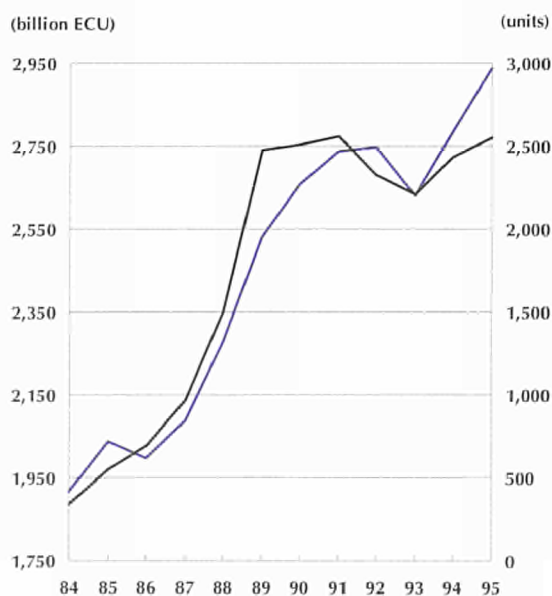


Figure 6.5

Comparison of the trends of manufacturing production and number of M&As for EUR15

— Manufacturing prod.
— Mergers & acquisitions

Source: eurostat, Amdata

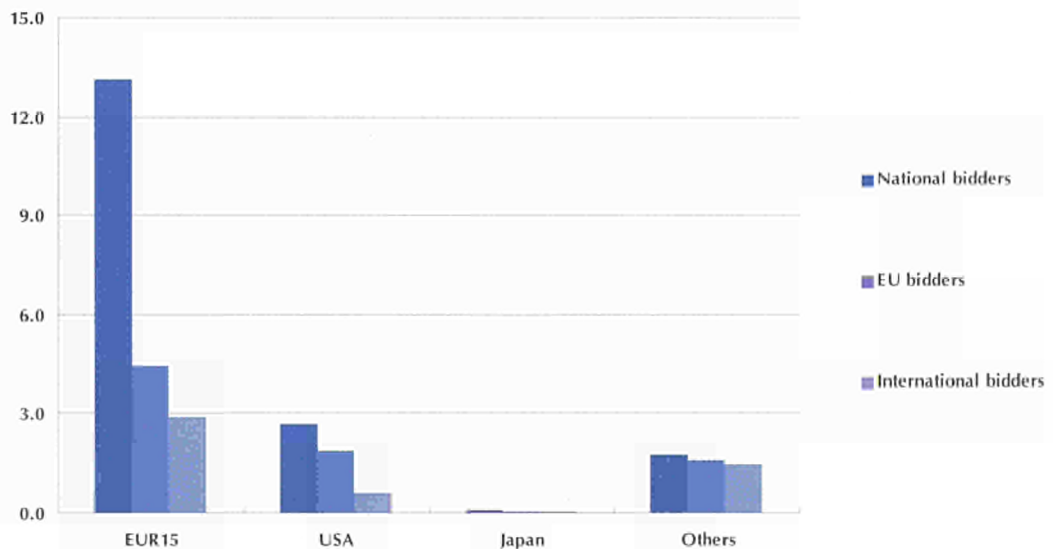
operators who tend to concentrate on the national or European markets and do not cast their eyes on the international market until a later stage in the cycle.

International and Community-level operations are the most dynamic components of the current wave of European concentrations and have the greatest impact on the European market, although national operations are by far the most numerous. That is why the trends of industrial M&As by nationality of the target companies and by nationality of the buyer are practically identical. Certain minor differences can be observed, however. For example, the upward trend in the number of M&As operations in which US companies have been the targets of European enterprises is not so steep as that of the numbers of European enterprises which they have acquired. The same applies to the other third countries, in which the number of M&A operations of European companies is much larger than the number of M&A operations resulting in the acquisition of European enterprises by companies from those countries.

Even when their own economy was at a low ebb, American companies remained active buyers of European enterprises...

Figure 6.6

Targets of M&A operations, 1984-1995 (thousands)



Source: Amdata

ANALYSIS OF THE MOST RECENT WAVE OF MERGERS AND ACQUISITIONS

With the aim of highlighting and explaining these differences, we have constructed an indicator based on the concepts of the net buyer and the net seller. If the difference between the number of M&A operations in which a country is a buyer and the number of M&A operations in which it is a seller is positive, it is classified as a net buyer, and if that difference is negative, the country is a net seller. On the evidence of the figures for the whole period, therefore, the USA is a net seller and the EU is a net buyer. From a dynamic standpoint, however, it can be seen that some of the countries which can be classified as net sellers or net buyers on the evidence of the total number of their M&A operations over the period as a whole have in fact experienced reversals in the situation along the way: for example, the USA, which had been a net seller since 1984, became a net buyer after 1991, whereas the EU, which had consistently been a net buyer up to that point, became a net seller from 1991 to 1994. This is further evidence of the link between the intensity of M&A activity and the economic climate. More American businesses were sold than bought when the USA was passing through the crisis, and the tendency was reversed when the economic revival started there in 1991.

A closer look at M&A operations with European companies as their target quickly reveals that the Member States were the most active buyers on this front (accounting for nearly 80% of such operations in 1995). Among the third countries, the USA was the most active buyer of European companies (with almost 11% of operations in 1995). Even when their own economy was at a low ebb, American companies remained active buyers of European enterprises and can even be seen to have steadily increased the number of their take-overs on this side of the Atlantic.

Japan has been notable for its virtual absence from the M&A scene; but that is simply a reflection of Japanese culture. Japanese entrepreneurs are much more interested in the development of their own

... whilst the Japanese

prefer to invest in their

own European subsidiaries

rather than buying

companies by establishing subsidiaries or opening-up new sites in trans-border locations than in the purchase of existing businesses with the aim of restructuring them. The existence of a marked national preference for internal growth is furthermore reflected in the volume of foreign direct investment, for Japan is one of the leading operators on that front (and leads the field, in fact, if the net balance of foreign direct investment is taken into account). The figures for Europe, where the evolution of foreign direct investment is more or less parallel and in phase with that of M&As, indicates that M&A operations are an intensively exploited window of opportunity in this domain. In the case of Japan, the fact that the evolution of foreign direct investment is two years out of phase with that of M&A operations can be regarded as confirmation that mergers and acquisitions are seen in that country as a second-best solution or even as a last resort: the more the recession bites, the stronger the propensity of Japanese businesses (but still in relatively small numbers) to opt for M&A operations in preference to FDI.

ANALYSIS OF THE MOST RECENT WAVE OF MERGERS AND ACQUISITIONS

The figures show that the majority of the foreign industrial companies acquired by European enterprises in the period under review were American. The picture is nevertheless one in which, after increasing steadily throughout the phase of economic expansion on the other side of the Atlantic, the number of enterprises acquired in the United States began to decline with the onset of the recession. European companies seeking opportunities for take-overs in that period turned their attention to the various "other third countries". In fact, in spite of the recession, the EU acquired a steadily increasing number of businesses in these countries including, in particular, Switzerland, Norway, Australia, Canada, Hungary, Poland, South Africa and Brazil. The fall of the Berlin wall and the end of the Cold War also opened the eyes of the EU industrial enterprises to new opportunities in the countries of Central and Eastern Europe, and their change of focus was reflected in the M&A field by a significant increase in that area from 1991 onwards.

The first conclusion to be drawn from a more detailed analysis of the strategies of the different

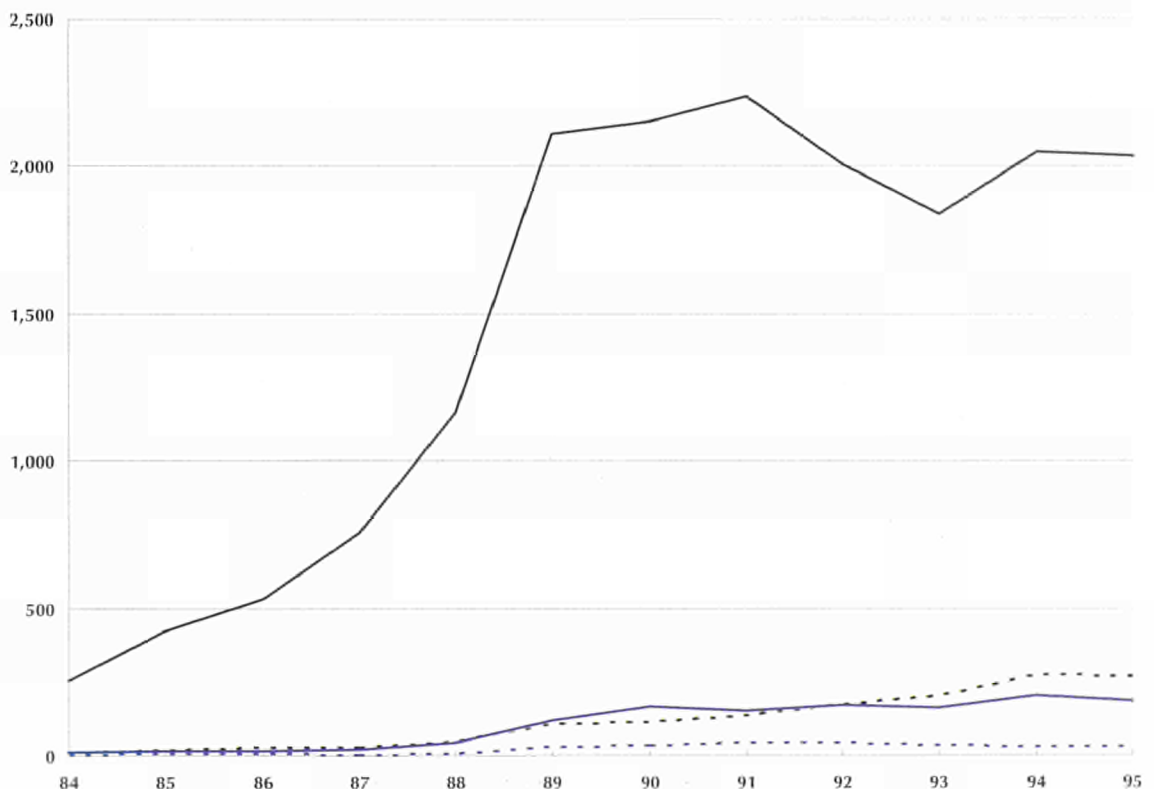
enterprises of the Member States is that their national markets are still the main targets of European industrial enterprises. Examination of the total figures for the period 1984-1995 reveals that:

- ★ 62% of the operations were at a national level;
- ★ 21% were at EU level, and finally;
- ★ 17% were at an international level (with the USA accounting for 50% of this sub-total).

The overall numbers of national operations are the product of a wide variety of strategies. Although the aims of national concentrations are generally limited to the national market, the numbers of national operations with trans-border spin-offs have been steadily increasing, particularly in the context of European integration. Hence a situation in which certain domestic concentrations are simply a preliminary consolidation by way of preparation for trans-border expansion, usually at EU level. On the other hand, certain national concentrations can have the effect of blocking or delaying the access of foreign competitors to national markets: these are the strategies of "national champions".

Figure 6.7

Evolution and geographical origins of industrial M&A operations with EU targets between 1984 and 1995 (units)



Source: Amdata

ANALYSIS OF THE MOST RECENT WAVE OF MERGERS AND ACQUISITIONS

The quickest way of establishing a presence at Community level is to acquire businesses with similar activities

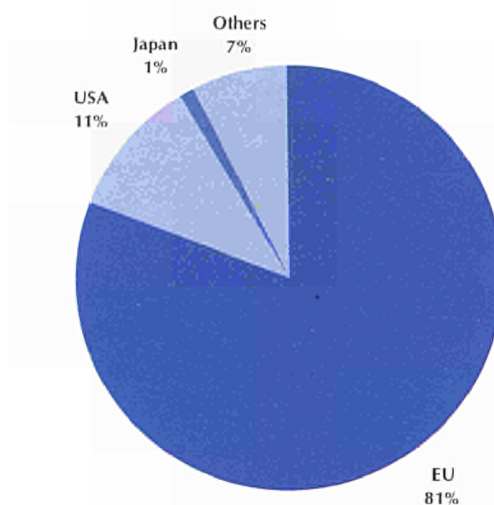
The elimination of non-tariff barriers to intra-Community trade enables businesses to sell their domestically manufactured products abroad. Most businesses therefore have to choose between a strategy based on the expansion of their exports and a strategy of production in the various EU countries. This decision will determine the scale of the risk these enterprises will be taking. External growth is generally preferred to internal growth, because the latter is unlikely to constitute an adequate basis for production abroad. The acquisition of businesses with similar activities or the location of potential partners in the other Member States are in fact the quickest way of establishing a presence at a Community level. This dynamic process has a multiplying effect: once the pioneering enterprises have enlarged their field of activity, their competitors are obliged to do the same, so that the number of acquisitions is repeatedly increased until the new structures have developed to an optimal level at which M&A activity generally begins to lose momentum. Trans-border operations can be seen to

follow a less regular curve than national operations. The explanation lies in the very nature of these operations: they are riskier than exporting and the financial risks are compounded by their scale.

This situation also draws our attention to the predominance in Europe of a very extensive fabric of SMEs, i.e. a very substantial category of enterprises which are possibly present in their national markets but have not yet attained the critical size for establishing themselves in the Single European Market. By defining SMEs as businesses employing fewer than 250 persons, certain analysts have calculated their ratio to the total number of businesses in EUR 15: in 1992, more than 99% of EU enterprises were in the SME category.

There have been considerable differences in the trends in the different Member States. Initially, there was a difference between the trend in the United Kingdom and those in the other Member States of the European Union. The fact that the number of M&As operations in the United Kingdom have consistently been greater than in the other EU countries is mainly due to the flexibility of the UK legal system, as far as M&A operations are concerned, and the long-established UK preference for external rather than internal expansion.

Figure 6.8



Share of buyers in industrial M&A total targeting EU companies in 1995

Source: Amdata

ANALYSIS OF THE MOST RECENT WAVE OF MERGERS AND ACQUISITIONS

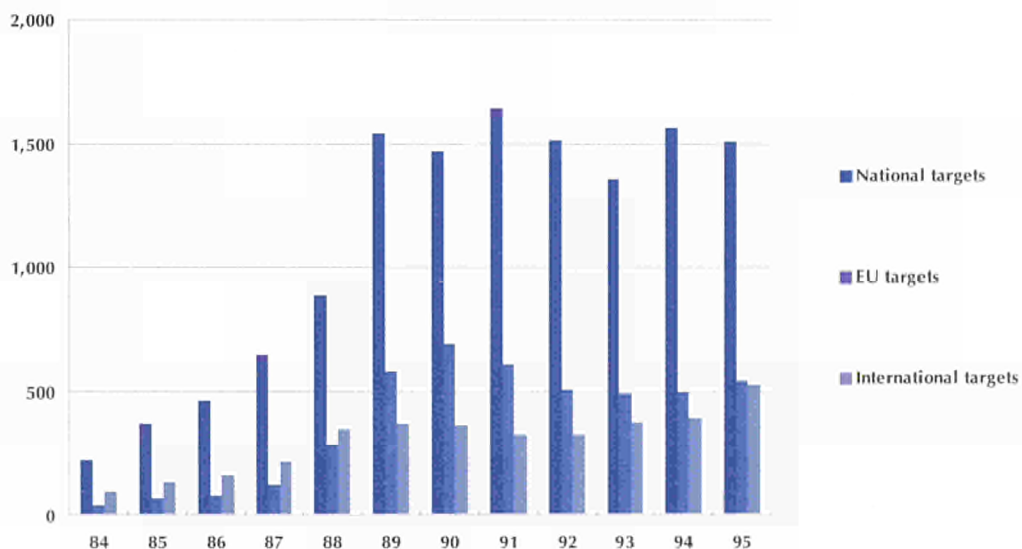
The United Kingdom was
(and still is) the Member State
the most active in terms
of mergers and acquisitions

It is hardly surprising that the UK is the most active country in the field of M&A operations. In the period 1984-95, the UK led the way not only on the national front but also on the Community and international fronts. UK companies accounted for no less than 23.4% of the total number of acquisitions of EU industrial companies. But non-EU businesses remained the primary targets of the M&A strategies of UK companies. In fact, trans-border mergers and acquisitions accounted for 35% of all M&A operations by UK companies, but only 13% of the overall total were in the Community category compared with 22% in the international category. A closer look at the deals in the last-mentioned category reveals that 67% of the international targets of UK bidders were American, 6.8% were Australian, 3.8% were Canadian and 1.8% were Swiss.

France is the second most avid buyer of EU businesses, with 19.5% of the total number of intra-EU take-overs of industrial enterprises. Unlike those of UK companies, the strategies of French businesses are strongly EU-oriented: 44% of all French M&A operations are in the trans-border category (29% involving EU businesses and only 15% involving non-EU businesses).

Figure 6.9

Evolution and destination of take-overs by EU companies from 1984 to 1985 (number)



Source: Amdata

ANALYSIS OF THE MOST RECENT WAVE OF MERGERS AND ACQUISITIONS

The factors of geographical proximity and traditional economic contacts clearly play an important role in the domain of M&As in Europe. The figures show that UK businesses are the leading acquirers of Irish, French, German and Dutch companies, the leading targets of intra-EU take-overs by Irish and Danish companies and the second-most-numerous targets of Spanish, French, German, Dutch and Swedish bidders. France, for its part, is the primary take-over target for Belgian, Italian, German, Portuguese and Spanish companies and second in line for bids from Luxembourg and the UK. France is the leading M&A operator in Belgium and Italy and comes second in this respect in Germany, Portugal, Spain and the UK. Germany have been the biggest buyer, in terms of numbers of take-overs, in Austria, Italy and Luxembourg and comes second in this respect in the UK. Germany is the preferred target of Austria, France, Luxembourg, the Netherlands, Sweden and the UK. For Spain, Belgium, Denmark, Ireland, Finland and Italy, Germany was only the second-ranking target of M&As operations. For M&As as a whole, however, Germany can be seen to have been a net seller, whereas France and the UK were net buyers.

Again looking at the total number of M&A operations, it can be seen that German businesses were the most highly favoured take-over targets of EU companies (24% of all EU acquisitions), and the same applies to non-EU companies. This concentration was particularly marked in the first year of the privatisation programme in the new German Länder.

A comparison of the breakdown of cross-border M&A operations with the breakdown of GDP by Member State reveals that certain EU countries, including the UK, Ireland and the Netherlands, are far more active M&A players than certain other EU countries, including Germany, whose M&A activity is far more modest than one might have expected in the light of that country's contribution to the GDP of the European Union. The variations in the ratios of the national numbers of bidders to the national contributions to the GDP of the European Union are far more pronounced than those for target enterprises. EUR 15 has in fact seen the development of a yawning North-South divide in the field of trans-border M&As:

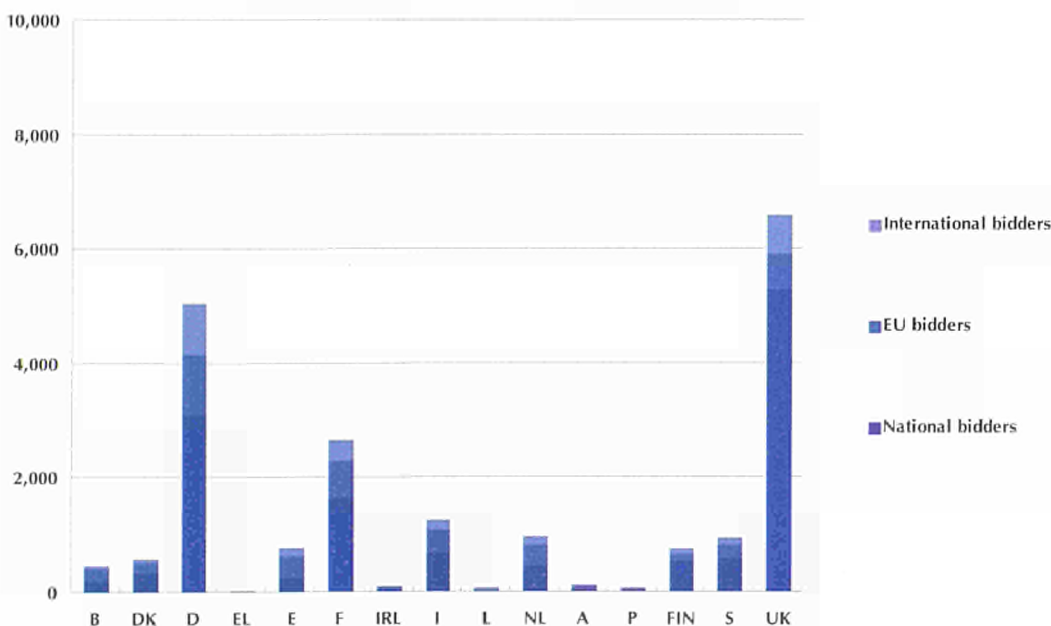


Figure 6.10

Structure of M&As having EU companies as target, 1984-1995 (thousands)

Source: Amdata

★on the one hand, there is a group of countries which can be classified as potential acquirers, namely the richest countries whose businesses have sufficient resources to mount risky trans-border M&A operations and the "Anglo-Saxon" countries which have a longer-established tradition in this domain;

★on the other hand, there is a group of countries which can be classified as potential targets, namely the countries which are short of resources but which are currently passing through a period of rapid economic growth, of which the Mediterranean countries are a prime example.

Examination of the data on the nature of past M&A operations reveals that private acquisitions have been the universally most frequent type of operation, as compared with public take-overs, management buyouts, public buyouts, disinvestment, strategic alliances and reverse take-over bids. The overall picture in Europe is the same, although the United Kingdom with its greater experience of M&As and a higher annual rate of activity than the

other Member States in this field is notable for its exploitation of the whole range of M&A tools which are available, especially when it is the target; on the acquisition front, however, the behaviour of the UK would seem to be closer to the European norm.

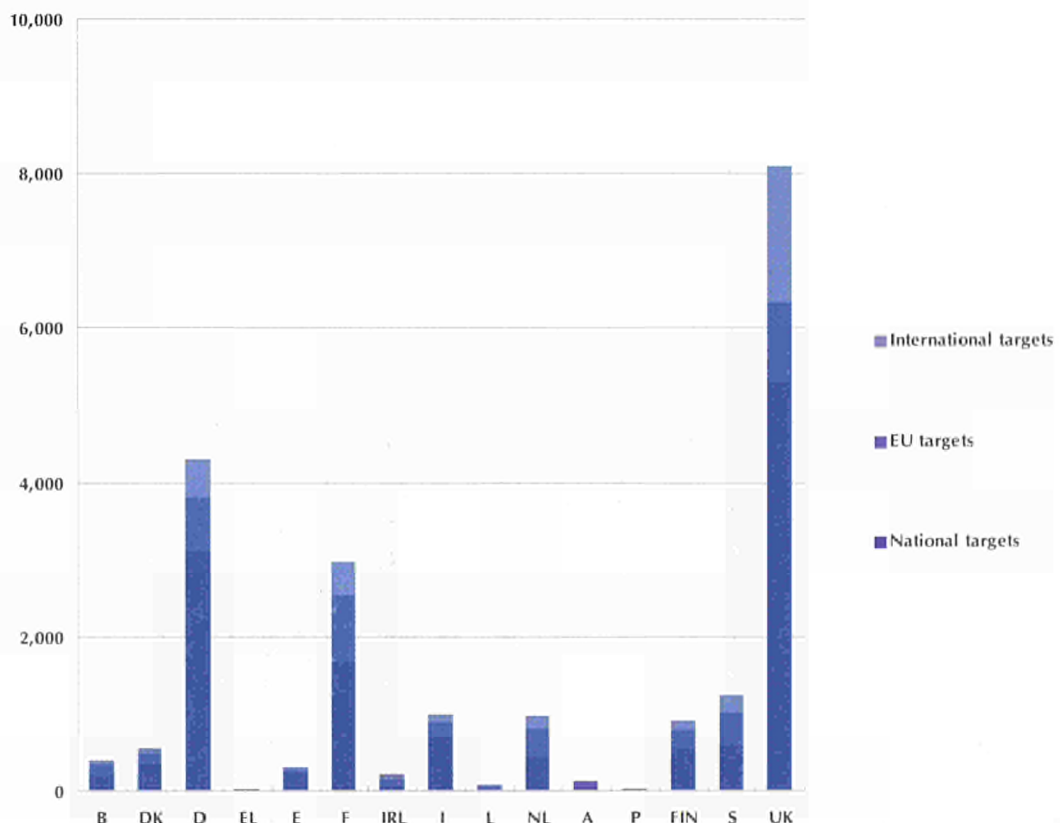
This concludes the first half of this article, which will be continued in the next issue.

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 AMDATA: Acquisitions Monthly, Lonsdale House,
 7/9 Lonsdale Gardens, Tunbridge Wells,
 Kent TN1 1NU
 Tel 44-1892-515 454, fax 44-1892-511 547

Figure 6.11

Structure of M&As with EU companies as bidder, from 1984 to 1995¹ (thousands)



1) It is important to say that in Germany the most numerous enterprises are SME's and that, as AMDATA's coverage of M&A operations is not exhaustive (especially for small operations), the figures for Germany are not exactly a true picture of reality. Moreover, the small number of German M&As can be partly explained by two obstacles to these operations: the legal system and the German preference for internal growth.

Source: Amdata

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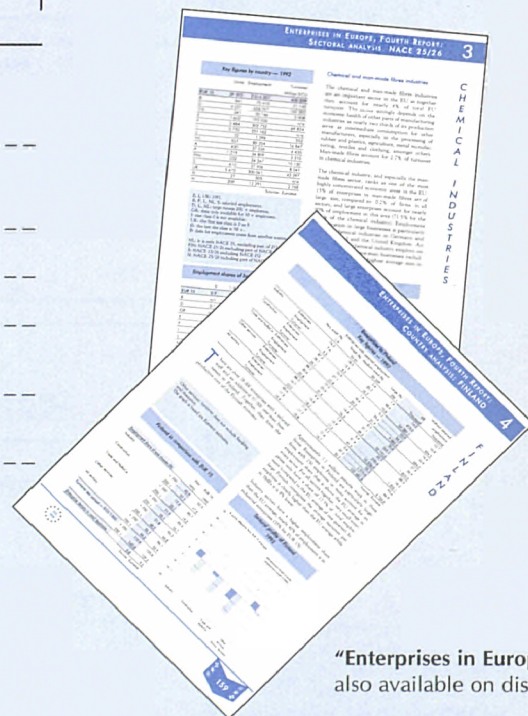
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