

The Economic Recovery in Industry



March 2011

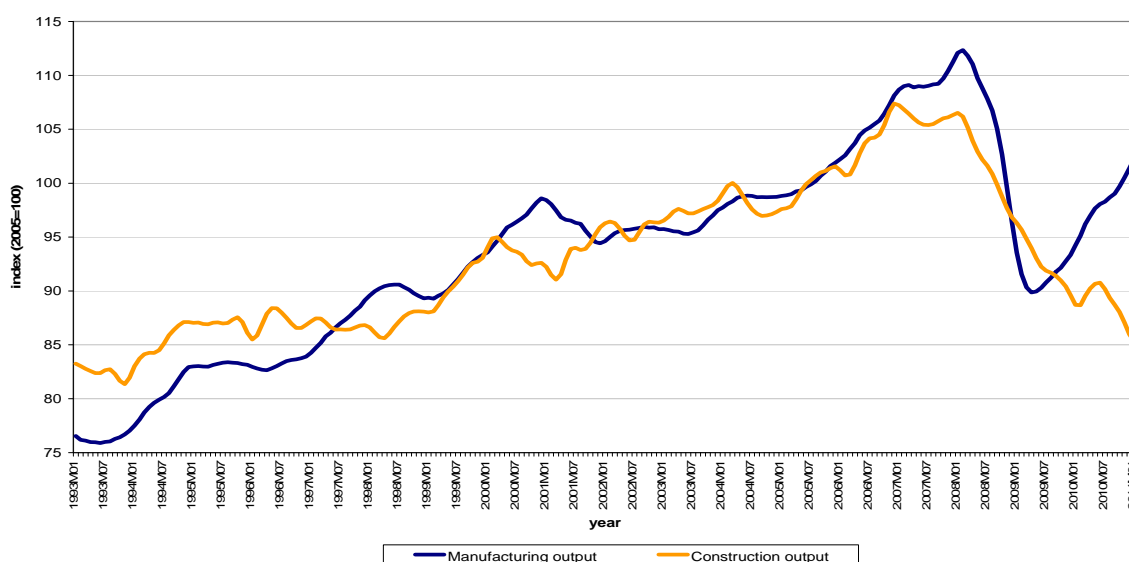
(updated on the basis of data published up to 30th March 2011)

SUMMARY

The dynamic economic recovery in industry and manufacturing continues, while construction industry still remains in decline. Industrial confidence and the business outlook continue to be positive. Thus, all available data hint at a continuation of the dynamic recovery in manufacturing, while first signals become available that the decline in construction output may eventually bottom out soon.

In January industrial output continued its upward trend and was almost 14% higher than at the time of the trough in early 2009. However, it was still some 9% below its former peak in early 2008. The sectors initially most affected by the downturn - autos, machinery and equipment, and basic metals are still recovering the most rapidly in the present upswing. Construction output continues to fall, reaching in January its new lowest level since the onset of the crisis (see graph). In contrast, data and forecasts for services, including tourism, remain positive. However, the recovery in output of business services is rather moderate.

EU27 production indices 1993 – 2011 (trend adjusted)



Source: Eurostat

Extra-EU exports have strongly recovered and oscillate now around the levels of their former peak. Growth in intra-EU trade, internal demand and private consumption in contrast is less dynamic and lags behind, reflecting less dynamic overall output growth in Europe as compared to the rest of the world.

Data on the fourth quarter of 2010 confirm that employment in manufacturing has been stabilising. Since the cyclical peak in 2008, manufacturing jobs have contracted by some 11.4%, broadly the same size as the current fall in output. The recovery of industrial output allowed for short-term working being largely phased out in industry, but the unemployment rate remains at a high level.

Looking at the situation in the Member States, substantial differences can still be noticed, even if the recovery is now visible in the vast majority of countries. There are an increasing number of countries where annual output growth has exceeded 10%, with Estonia, Lithuania and Slovakia in the lead. In contrast, Greece and Cyprus continue to experience a reduction of output, whereas Portugal and Spain so far only see a bottoming out of output contraction.

1. AGGREGATE DEVELOPMENTS

The latest data release for industrial production¹ in the EU27 shows that in January 2011 industrial production grew by 0.6% (m-o-m) whereas **manufacturing production** grew by 0.9%, after both having grown in December by 0.2% and 0.8% respectively. The trend adjusted data (industry production index) show that the dynamic recovery in manufacturing output has been continuing at a stable pace. Consequently, output in January 2011 was almost 14% higher than during its cyclical trough in April 2009 whilst still some 9% below its peak in February 2008 (see chart on page 2). On the other hand, construction output in EU27 is still around its trough despite a small m-o-m increase in seasonally adjusted output in January. Still, overall trend adjusted construction output in January continued to decline and was some 20% below its cyclical peak in January 2008 reaching its lowest value since the onset of the crisis.

The most recent **confidence surveys**² show a continuous improvement in economic sentiments albeit at a moderating pace. Confidence in **industry** in March 2011 rose by 0.6 points in the EU27 and remained unchanged in the euro area, the difference resulting mainly from a strong increase in the UK (+3 points). The improvement of confidence reflected mainly better assessment of domestic order books and record low level of stocks. On the other hand, managers were less optimistic about their production expectations and export order books.

At the aggregate level, sentiments in **services** improved as well, but declines were observed for construction and retail trade.

In general, the overall Economic Sentiment Indicator (ESI) remained broadly unchanged in the EU and decreased slightly in the euro area following more substantial improvements in February. However, the indicator in both the EU27 and the euro area is still well above its long term average.

Preliminary March data for the Markit Eurozone Output Index show yet again a very strong

monthly improvement. This indicates that Eurozone growth maintains its momentum. The individual Purchasing Managers' Index (PMI) surveys signal that both manufacturing and services are leading the recovery and that the overall output expansion is mainly driven by France and Germany whilst in other countries growth is relatively modest.³

Confidence among **consumers** decreased both in the euro area (-0.6) and in EU27 (-0.4), mainly because of higher pessimism about the future general economic situation and consumers' future financial situation. In contrast, unemployment fears seem to have lessened.⁴

The data for **new orders**⁵ show a deceleration after a couple of months of a strong expansion. In January 2011 new orders in EU27 rose by 0.2% on a monthly basis, following a rise of 2.9% in December and of 1.6% in October. On a three month basis they are now almost 27% higher than in the first quarter of 2009, when the cyclical trough was registered. The gap between the recovery of non-domestic orders and that of lagging domestic orders continues to widen and in January the former rose significantly whilst the latter contracted a bit compared to the previous month. The latest data show that export orders were some 44% and domestic orders some 29% above their lowest levels recorded in spring 2009.

In general a clear upward trend in extra-EU **trade volumes** is visible although some signs of normalisation are becoming available as well (see chart 3). On the other hand, the recovery of intra-EU trade is still less profound. This can to a large extent be explained by a less buoyant recovery of economic activity in Europe than in the very dynamically growing non-European export markets. In the last three months up to November 2010, intra-EU exports rose by 14% whilst extra-EU exports up to December 2010⁶ increased by over 23% compared to their cyclical troughs registered in the first half of 2009. World trade outside Europe continues its strong

¹ Industrial production includes the output both of manufacturing and energy industries.

² DG ECFIN, *Business and Consumer Survey Results*, March 2011.

³ Markit, Markit Flash Eurozone PMI, News Release 24/03/2011.

⁴ DG ECFIN, *Business and Consumer Survey Results*, March 2011.

⁵ Eurostat, *Industrial new orders up by 0.1% in euro area*, News release 23/03/2011.

⁶ No new data on EU27 trade in volumes was published in March by Eurostat.

recovery. The available data for world trade imports outside the Euro area in the three months up to January 2011 were some 3.5% higher than in the previous three months. They are now above their pre-crisis level, having risen some 26% since their cyclical trough reached in the first quarter of 2009. The expansion continues to be mainly driven by the Asian emerging economies.⁷

2. RECENT DEVELOPMENTS IN SELECTED SECTORS

An analysis of developments in **manufacturing sectors** in the recent months (see chart 6b) shows that production continues to recover in the majority of sectors. In January 2011, **industrial production** rose by 6.8% y-o-y in EU27, which continued to be driven by the demand for capital and intermediate goods. Production of capital goods in EU27 actually grew by a robust 13.2% (y-o-y), whereas intermediate goods gained 10.6%. Output of durable and non-durable consumer goods increased rather modestly, by 3.4% and 1.3% respectively. Several factors have been contributing to these latest output figures, in particular continually reviving exports and a recovery in global demand for investment goods. On the other hand, persisting high unemployment and relatively low consumer confidence negatively impact on demand for consumer goods.

Looking at specific sectors, the highest increases in output on a three month basis up to January 2011 were registered in motor vehicles (C29), followed by basic metals (C24) and machinery and equipment (C28). In contrast, tobacco products (C12), wearing apparel (C14) and non-metallic mineral products (C23) have registered the biggest declines in recent months.

Data on **new orders** show that basic metals have seen the most substantial improvement since the first quarter of 2009. They rose by 63%. Also the mechanical engineering and motor vehicle production sectors have registered a recovery in new orders (values) of more than 35% since the cyclical trough. New orders in the chemicals sector, which experienced a much more modest decline, continue to grow, and are now well above their pre-crises levels.

⁷ CPB, *World trade monitor: January 2011*, 23/03/2011.

In January 2011, **extra EU manufacturing exports** were some 33% higher in value terms than a year earlier. A steep recovery in exports is now visible in all manufacturing sectors. In January 2011, exports compared to a year earlier were up by over 50% in coke and petroleum production and processing, other transport equipment, motor vehicles and basic metals sectors (see table 8).

Data on **construction** output in the EU27 show that compared to a month earlier seasonally adjusted production rose by 0.8% in January 2011, after having fallen by 3.5% in December 2010 (see table 3).⁸ Trend adjusted figures continue to indicate a negative growth, though. Data for the three-month-average, which are much less volatile, also show a contraction in output in comparison to the previous three months. Overall construction output fell by 3.1%, with civil engineering declining by 5% and buildings construction by 2.5%. Thus it is too early to predict if the rebound in January is already an indication for a reversal of the negative trend.

The latest report of the European Travel Commission⁹ shows that the recovery in **tourism** continued across Europe in 2010. The number of visitor arrivals has been growing through November. The recovery is also confirmed by airline and hotel industry data. The expansion of European airline passenger traffic continued at a brisk pace since air space closures in April 2010 with only a brief lull in early autumn and before weather related disruptions in late December triggered a sharp fall.¹⁰ Hotel occupancy rates continued to rise through November across Europe and a 2.8% increase in nights spent in hotels and similar establishments in the EU27 was registered over the whole of 2010. This recovery follows two successive annual declines of -0.3% and -3.7% in 2008 and 2009 respectively.¹¹ Besides, growth in average daily rates is also evident for all but Southern Europe countries. The forecasts predict a growth

⁸ Eurostat, *Construction output up by 1.8% in euro area*, News release, 17/03/2011.

⁹ European Tourism in 2010: *Trends & Prospects (Q4/2010)*, February 2010.

¹⁰ Ibid.

¹¹ Eurostat, *Progressive recovery of nights spent in hotels in 2010*, News release, 28/02/2011.

overnight visitor stays to Europe of 3% in 2011 and 4% in 2012.¹²

Finally, data for January 2011 show that the turnover of the majority of **business-related services** continues to be rather stable. For most of the sectors the recovery is quite modest and has not compensated for the (relatively limited) turnover contraction caused by the crisis. The strongest recovery has been registered in the logistics sector.

3. EMPLOYMENT AND PRODUCTIVITY DEVELOPMENTS

Employment data confirm that the EU labour market has stabilised. In the fourth quarter of 2010, employment in the EU27 increased for the second consecutive time by 0.1% compared with the previous quarter. Employment stood at 221.7 million, representing an increase of 0.6 million (0.3%) compared to a year earlier. However, employment was still down by around 4.7 million (2.1%) relative to its peak in the second quarter 2008. The latest data reflect improvements mainly in services, whereas employment declined both in construction and industry, -0.9% and -0.2% respectively, compared with the previous quarter.¹³ In addition, the increases in employment are mainly due to part-time and temporary jobs. This reflects the usual role of temporary contracts as a leading indicator, but also casts doubts on the quality of the job recovery and on the uncertainties that face businesses.¹⁴

The **unemployment** rate in January 2011 in EU27, after remaining static at 9.6% for a couple of months, edged down by 0.1 percentage points for the first time since the onset of the crisis. On a year-on-year basis it rose by 99 000 and still stands at over 23 million. Compared to March 2008, when unemployment in the EU was at a low (16 million), the number of unemployed rose by 7.1 million.¹⁵ In the euro area, the seasonally-adjusted unemployment rate also improved

slightly and now stands at 9.9%, falling below the 10 percent level for the first time in more than one year.¹⁶

Employment in manufacturing fell by 1.3% and in construction by 3.8% over the year to the fourth quarter of 2010 accounting for the major part of contractions in overall employment. Jobs in manufacturing in the 4th quarter of 2010 were 11.4% below the levels they had reached in the 1st quarter of 2008, at the peak of the economic cycle, with the sharpest falls of around or even more than 20% recorded in wearing apparel, textiles, leather, other non-metallic mineral products, wood and furniture industries (see table 5). Preliminary Eurostat data on overall hours worked show them 10% down in the corresponding period. Short-time working has been largely withdrawn in most of the sectors. The only substantial exception is the coke and petroleum products sector and to some extent the construction sector, where output has still not started to recover after the crisis.

It seems that employment in manufacturing might be finally stabilising. Labour input as measured in total hours had been gradually increasing over the last year. Besides, the divergence between output loss and the reduction in hourly inputs has now broadly converged in aggregate in the majority of sectors. The main exceptions are the other non-metallic mineral products, tobacco, fabricated metal products, machinery and equipment, furniture and wood sectors in which the current fall in output continues to be considerably greater than the reduction in employment (see chart 6).

Following the recent growth in output, manufacturing **productivity per hour** increased in the fourth quarter by 1.5% compared to the third quarter of 2010. It now stands only 0.7% below its peak value in 2008.

¹² European Tourism in 2010: *Trends & Prospects (Q4/2010)*, February 2010.

¹³ Eurostat, *Euro area and EU27 employment up by 0.1%*, News release, 15/03/2011.

¹⁴ European Commission, *EU Employment and Social Situation. Quarterly review, March 2011*.

¹⁵ European Commission, *Labour Market Fact Sheet*, March 2011.

¹⁶ Eurostat, *Euro area unemployment rate at 9.9%*, News release 01/03/2011.

4. COUNTRY-SPECIFIC DEVELOPMENTS

Industrial production in January 2011 was higher than a year earlier in all those Member States for which data was available, except in Portugal (-1.4%). The highest increases were registered in Estonia (+28.8%), Slovakia (+17.1%) and Lithuania (+16.0%), and the smallest in Italy (+0.6%) and Malta (+2.1%).

Among the countries for which data are available for January 2011 (see table 3), **construction output** fell in six and rose in seven compared with the year earlier. The largest decreases were registered in Spain (-43.2%), Slovenia (-43.2%) and Bulgaria (-12.4%), and the highest increases in Germany (+55.4%), Poland (+11.1%) and Sweden (+10.0%).¹⁷ The January data indicate that the drop in the December output had been very negatively affected by harsh weather conditions. However, it remains to be seen what the underlying trends will look like once the offsetting technical reaction to be expected for early 2011 will have worked through the statistics.

Among the countries for which data are available for the fourth quarter of 2010, **employment** expanded in eleven Member States, while it declined in seven compared to the previous quarter. Among larger Member States, Italy, Germany, France, and Poland experienced a revival, with employment expanding by 0.4%, 0.2%, 0.2%, and 0.1% respectively. Employment in Spain, on the other hand, continued to decline by 0.3% compared to the previous quarter.

There are also significant differences in the changes of **unemployment rates** among Member States. In January 2011 compared with a year ago, the unemployment rate fell in eleven Member States, remained stable in two and increased in fourteen. The largest falls were observed in Estonia (16.1% to 14.3% between the fourth quarters of 2009 and 2010), Malta (7.2% to 6.1%) and Sweden (8.9% to 7.9%). The highest increases were registered in Greece (9.7% to 12.9% between the third quarters of 2009 and 2010), Hungary (11.0% to 12.6%) and Lithuania (15.9% to 17.4% between the fourth quarters of 2009 and 2010). Over the year to

January, unemployment fell particularly in Germany (down by 338 000), where it is now at its lowest level since 1992.¹⁸

5. ACCESS TO FINANCE

The latest ECB data indicate that in February 2011 the annual growth rate of lending to non-financial corporations was positive for the second consecutive month (at 0.6%) after having been negative for over a year. A strong increase was registered again in short-term loans (see chart 7). This increase in borrowing is commensurate with the positive developments in the economy and in business confidence. It might also indicate that after a period when borrowing was carried out mainly for working capital purposes, there is now also increased borrowing for the fixed investment. However, in some corporate sectors borrowing needs may still be relatively low owing to the availability of internal funds.¹⁹

No easing of credit standards yet on loans to non-financial corporations

In the last quarter of 2010, the net percentage of banks in the euro area reporting a tightening of **credit standards on loans** and credit lines for enterprises dropped to 0%. This is a positive sign, but it should be noted that still conditions are not made lighter. The result contrasts with an increase in net tightening in the previous quarter (4%) and constitutes a slight positive change as regards survey participants' expectations three months ago. In addition, there is still a slight net tightening for loans to SMEs (2%, after 7% in the previous survey round) and therefore the SME lending has not yet come to a turning point. Furthermore, credit conditions for short-term loans eased, while for long-term loans credit standards did not improve which could influence the level of investments.²⁰

Banks' balance sheet constraints such as banks' cost of capital, their ability to access financing and their liquidity position continued to contribute to a net tightening of credit standards at broadly unchanged levels. In contrast banks'

¹⁷ Eurostat, *Construction output up by 1.8% in euro area*, News release, 17/03/2011.

¹⁸ Eurostat, *Euro area unemployment rate at 9.9%*, News release 01/03/2011.

¹⁹ ECB, *Monthly Bulletin*, March 2010.

²⁰ ECB, *European Bank Lending Survey*, 4th Quarter 2010, January 2011.

risk perceptions concerning the industry and firm-specific outlook contributed less to the net tightening than in the third quarter of 2010. Furthermore, competitive pressures in loan markets had an easing impact.²¹

On a country by country basis the picture remains heterogeneous in Europe. Recent surveys in Germany and France confirm an acceptable level of access to finance by SMEs while in other countries such as the UK SMEs are facing more problems as these economies are still nursing their wounds from the financial crisis.²²

Looking forward, euro area banks expect a slight net tightening on loans to enterprises in the first quarter of 2011, without any specific differences across firm sizes. This is expected to affect primarily longer-term loans, while no broad changes are envisaged for short-term loans.²³ Unfortunately this indicates a negative effect on investments.

Further increase in net demand for loans to enterprises seems to confirm turnaround

In the last quarter of 2010, net demand for loans from enterprises in the euro area increased further (standing at 10%, up from 7% in the third quarter of 2010 and -2% in the second quarter), thereby confirming the turnaround of demand recorded in the previous quarter. In the case of SMEs, net demand for loans rose by 17% (up from 10% in the previous survey round). As regards maturities, net demand developed particularly dynamically for long-term loans (21%, up from 7%), but also increased further for short-term loans (15%, up from 12%).²⁴

Looking ahead, euro area banks expect net demand for loan to enterprises to increase further in the first quarter of 2011 (31%, up from 29% in the previous survey round) even though credit conditions are foreseen to tighten somewhat further. The expected rise in overall demand is due to increasing demand by SMEs.²⁵

The European venture capital market remains subdued

In 2010 the venture capital segment was affected by the difficult economic environment. This led to considerably reduced fund-raising levels as well as weak investment and exit activities. The fund-raising environment is expected to remain challenging for 2011.²⁶

EVCA activity data for 2009 and H1 2010 reveal a striking amount of capital directed to existing portfolio companies. Indeed, venture funds concentrated on their existing portfolios, helping them through the crisis with additional equity support and advice.²⁷ Investment activity picked up somewhat during the last quarter of 2010, but still remains at low levels (see Chart 8). UK continues to remain the dominant region in Europe for VC investment. On a sector basis, technology deals represented the largest share of the market in activity with the healthcare sector and alternative energy in second and third place.²⁸

New research²⁹ shows how big investors, such as pension funds and insurers, have lost faith in most venture capital groups, particularly in Europe, after a decade of poor returns since the dotcom bubble burst in 2000. Only 3 per cent of institutional investors believe that European venture capital groups will produce strong returns from backing start-up technology companies over the next decade. Average returns from venture capital as a whole have been unimpressive in recent years. A third of European investors said the climate for venture capital investing was deteriorating; double the number that thought it was improving.³⁰

²¹ Ibid.

²² Germany: KfW Kreditmarktausblick Dezember 2010; France: Ifop Département Opinion et Stratégies. d'Entreprise, 20 January 2011; Ipsos MORI SME Access to Finance Research Report January 2011.

²³ Ibid.

²⁴ Ibid.

²⁵ Ibid.

²⁶ The European Private Equity Market Outlook, EIF & EVCA, January 2011.

²⁷ Ibid.

²⁸ Unquote" Private Equity Barometer Q4 2010, February 2011.

²⁹ Collers Capital, *Biannual survey of 120 investors*.

³⁰ Financial Times, *Big investors have lost faith in VC groups*, 17 January 2011.

Annex

Chart 1a: Change in manufacturing and construction production since the cyclical trough (Q1 2009) in Member States (seasonally adjusted, last three months to Jan 2011)

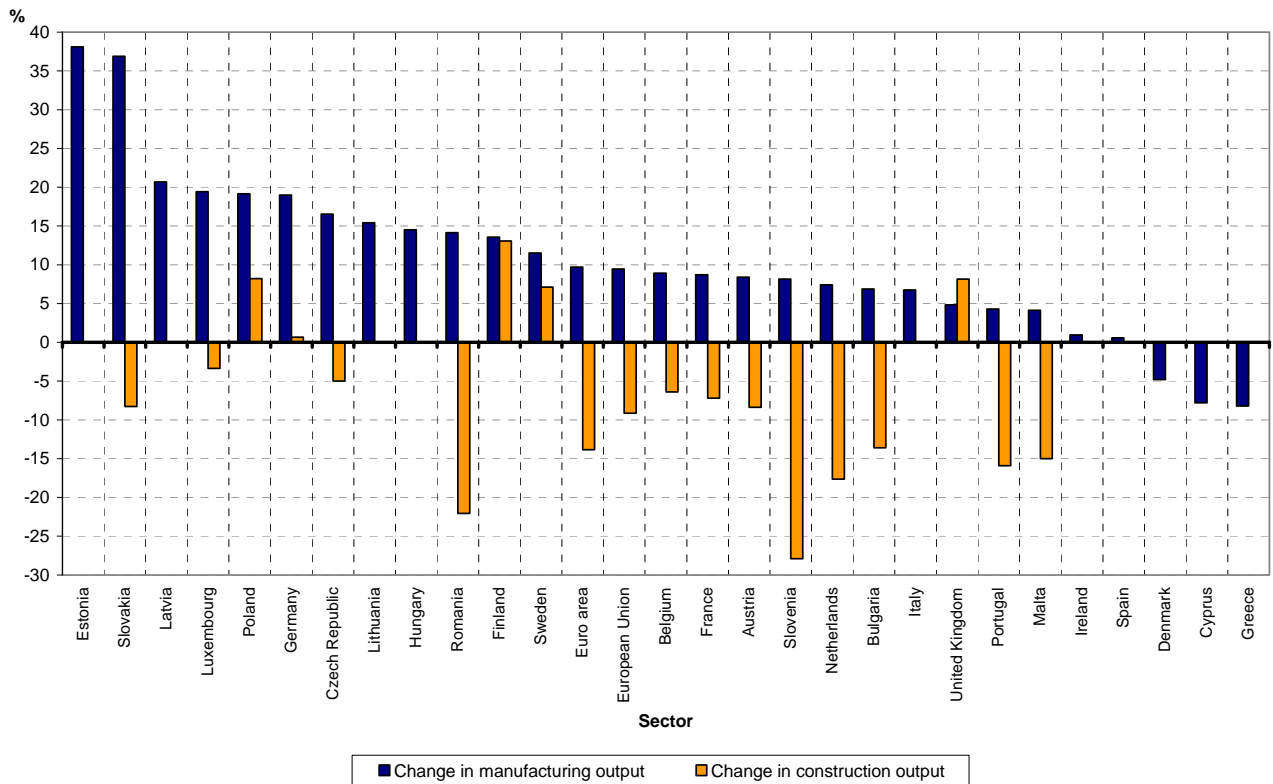
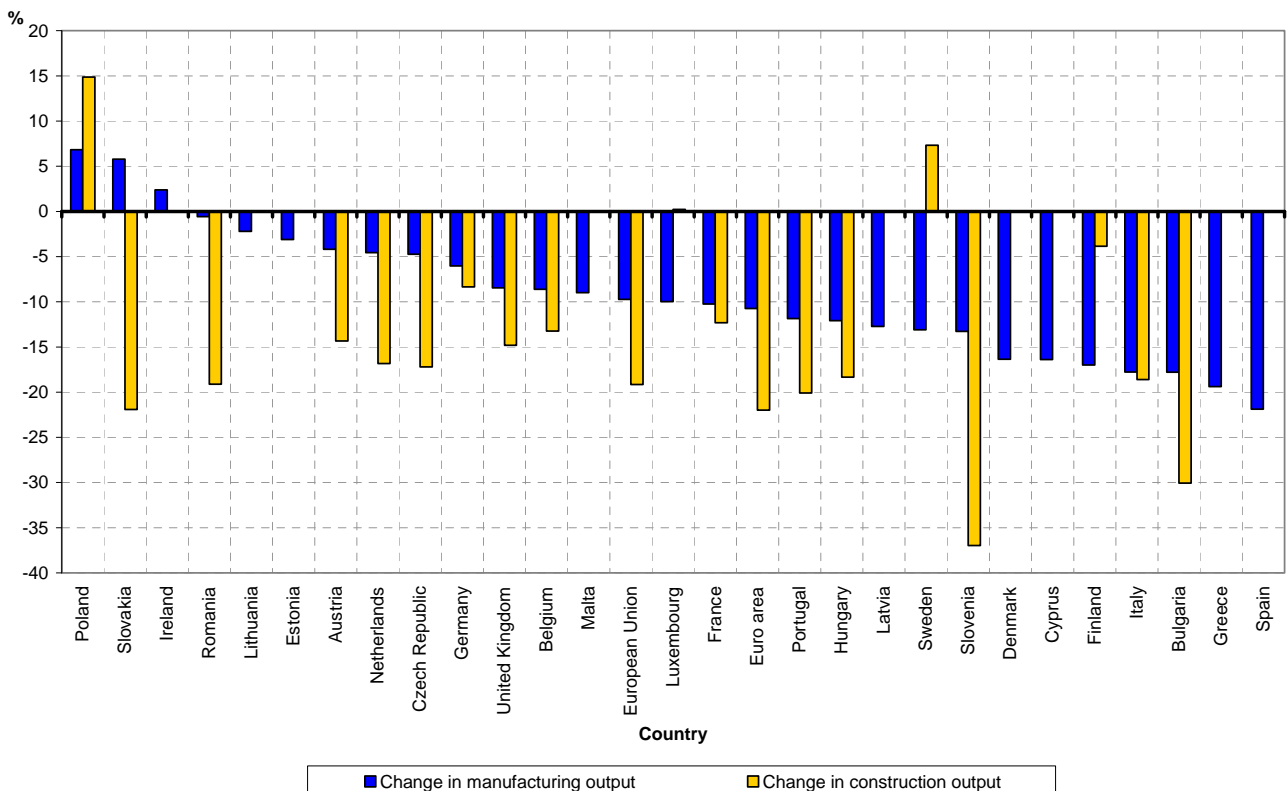
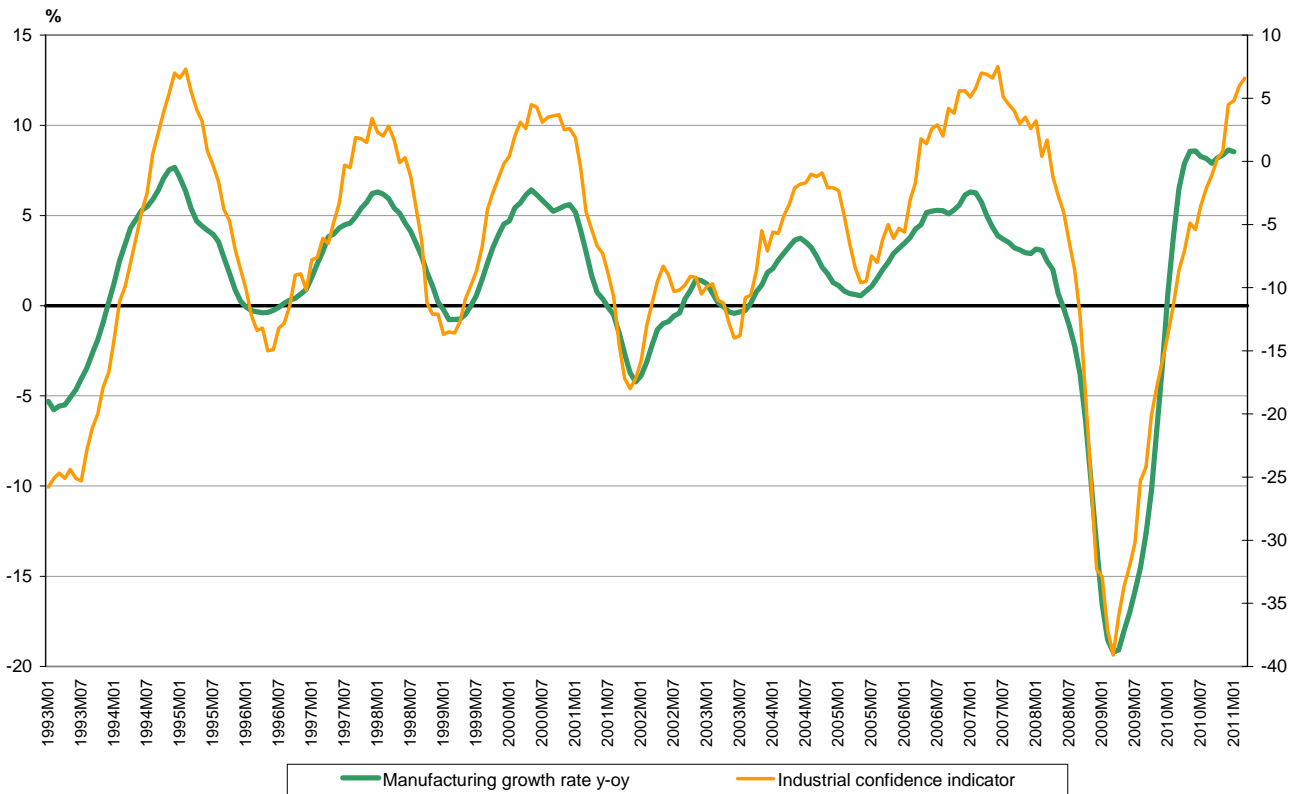


Chart 1b: Change in manufacturing and construction production since the cyclical peak (Q1 2008) in Member States (seasonally adjusted, last three months to Jan 2011)



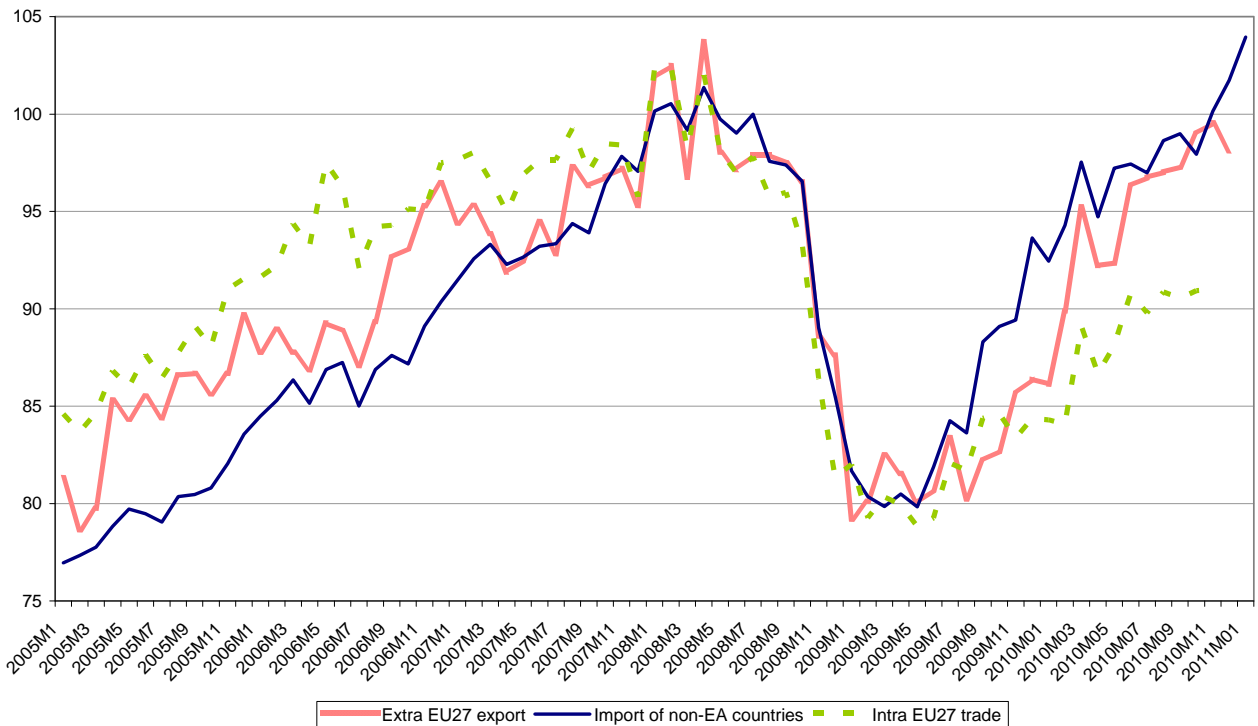
Source: Eurostat

Chart 2: EU27 manufacturing production growth and industrial confidence



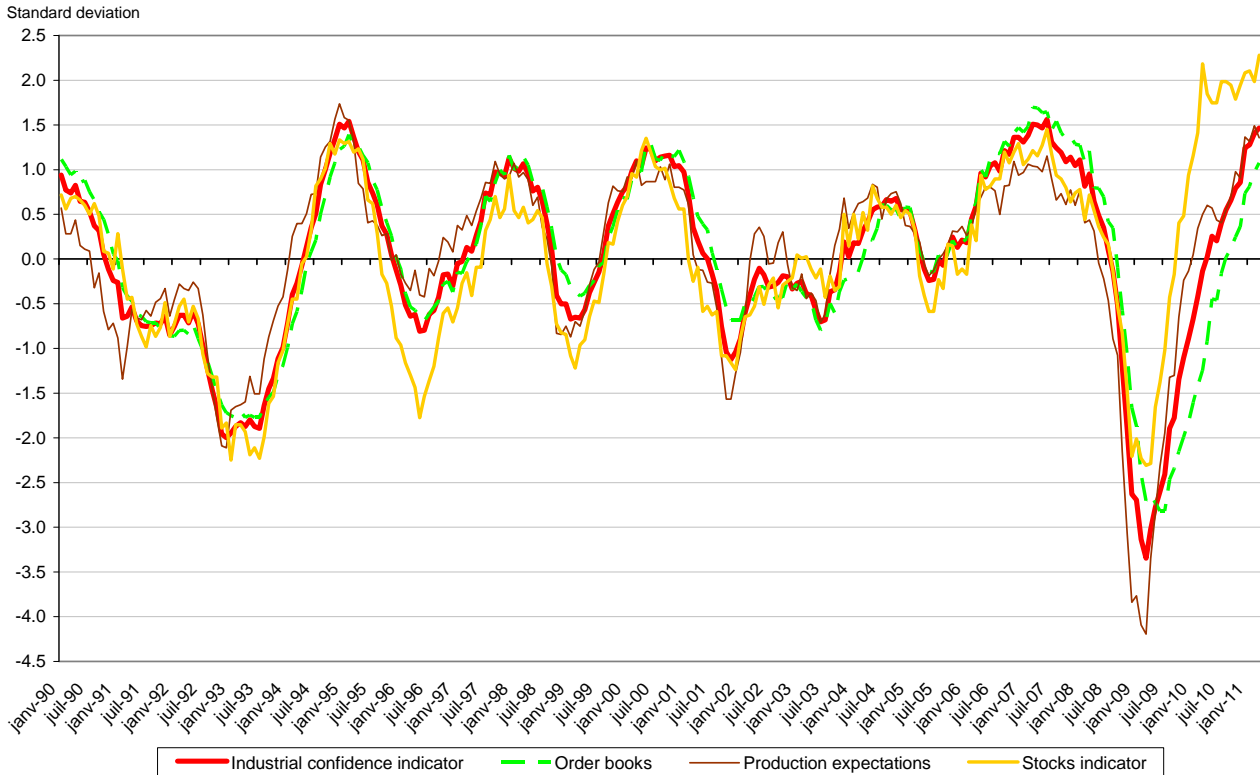
Source: Eurostat and DG Economic and Financial Affairs

Chart 3: World trade (imports of non-EU countries), extra-EU exports and intra-EU trade (index in volumes, seasonally adjusted, H1/2008=100)



Source: Eurostat and Netherlands CPB

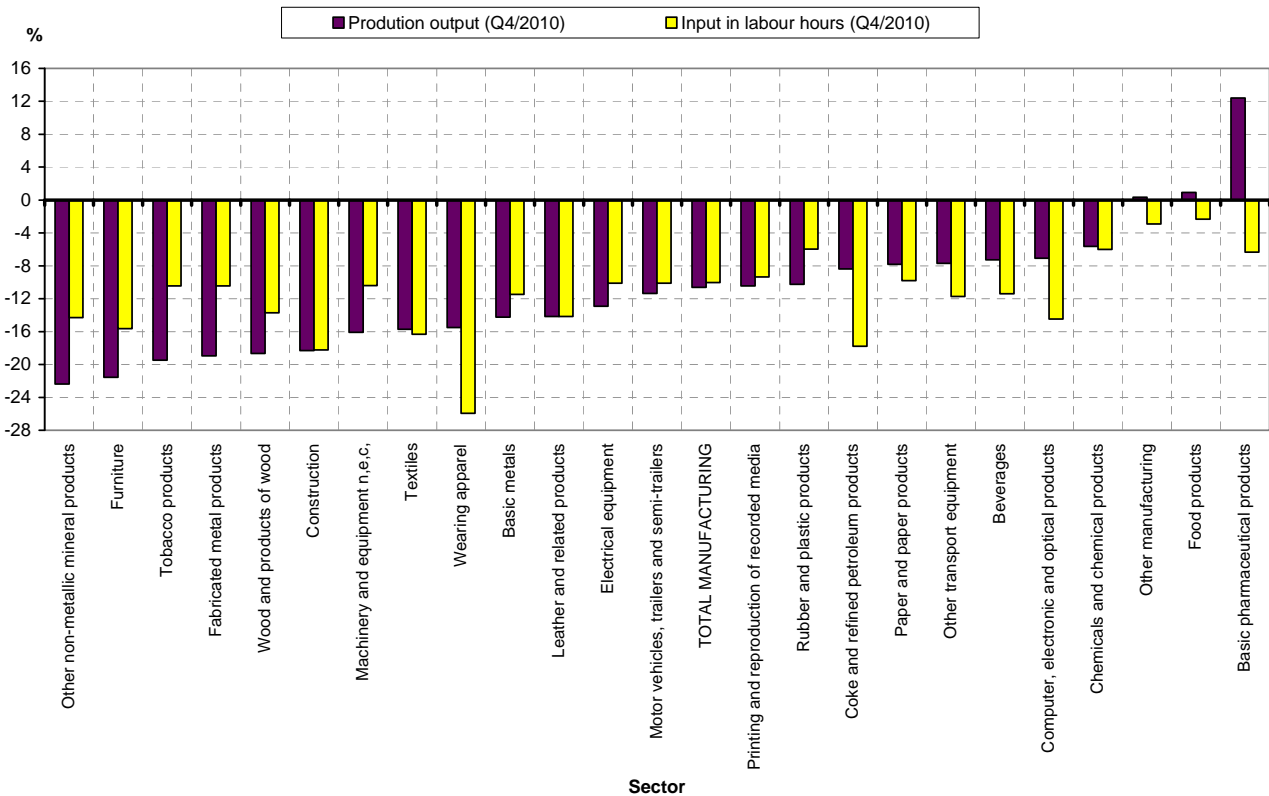
Chart 4. Industrial confidence indicator and its components – standardised values



The chart shows fluctuations of indicators around their long term average. Stocks indicator has reversed values to those of DG ECFIN stocks of finished products indicator.

Source: DG ECFIN

Chart 5. Sectoral manufacturing output and employment developments



Percentage change, latest data compared to the cyclical peak (Q1/2008), seasonally adjusted

Source: Eurostat

Chart 6a: Sectoral output performance since onset of the crisis – April 2009

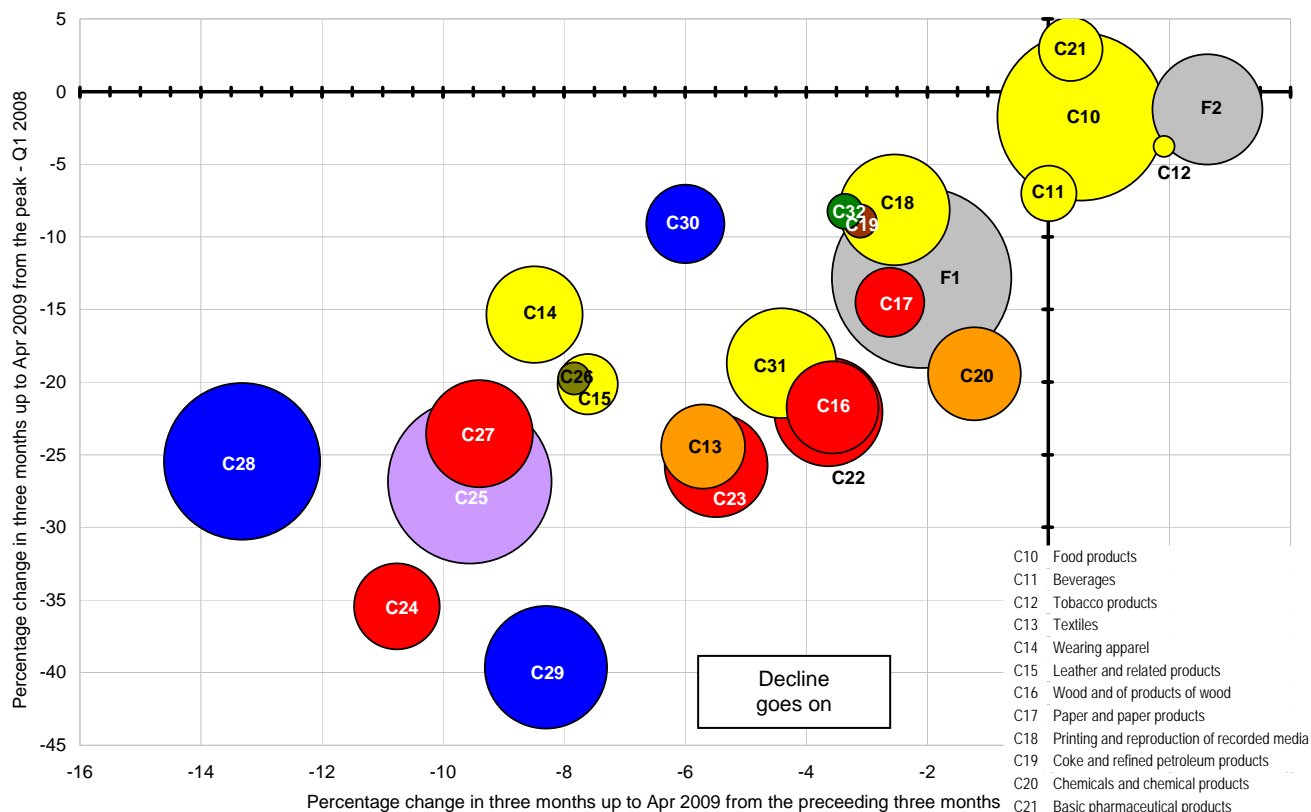
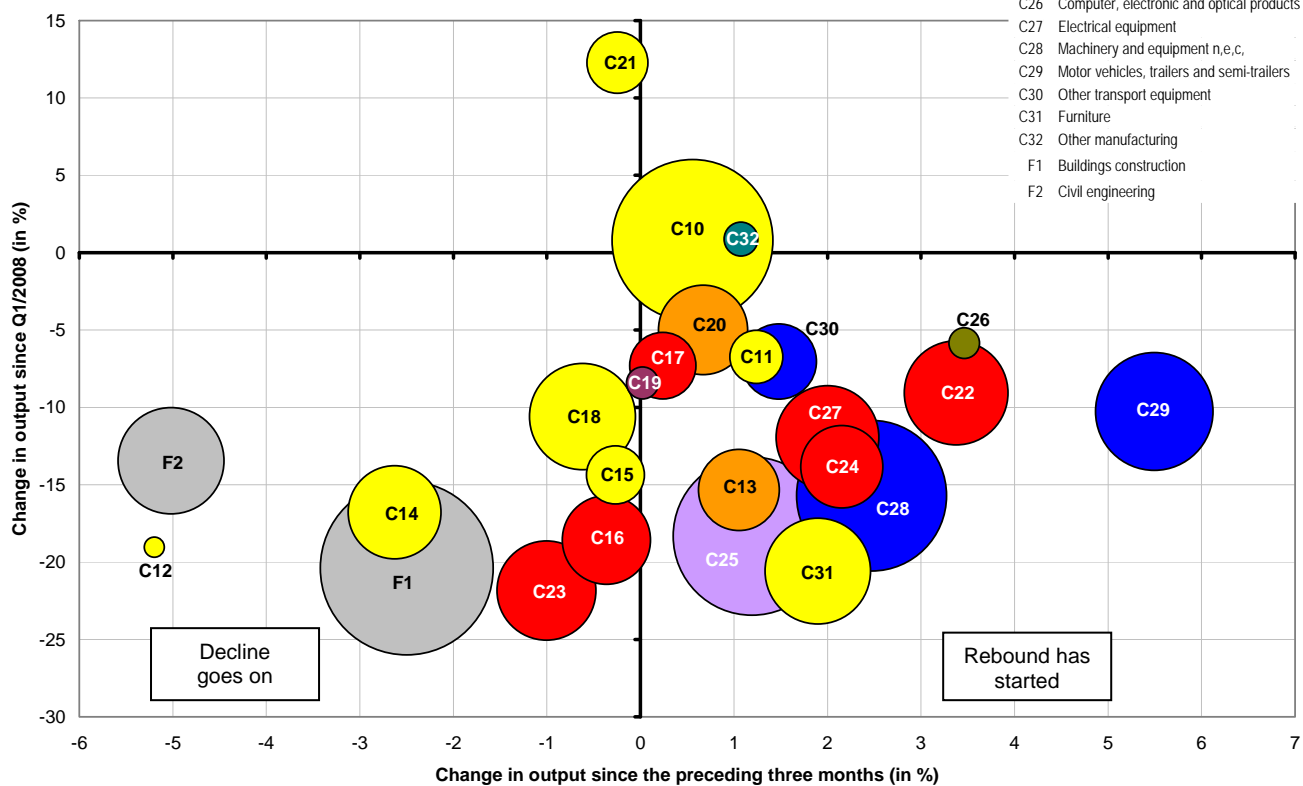


Chart 6b: Sectoral output performance since onset of the crisis – last three months to January 2011

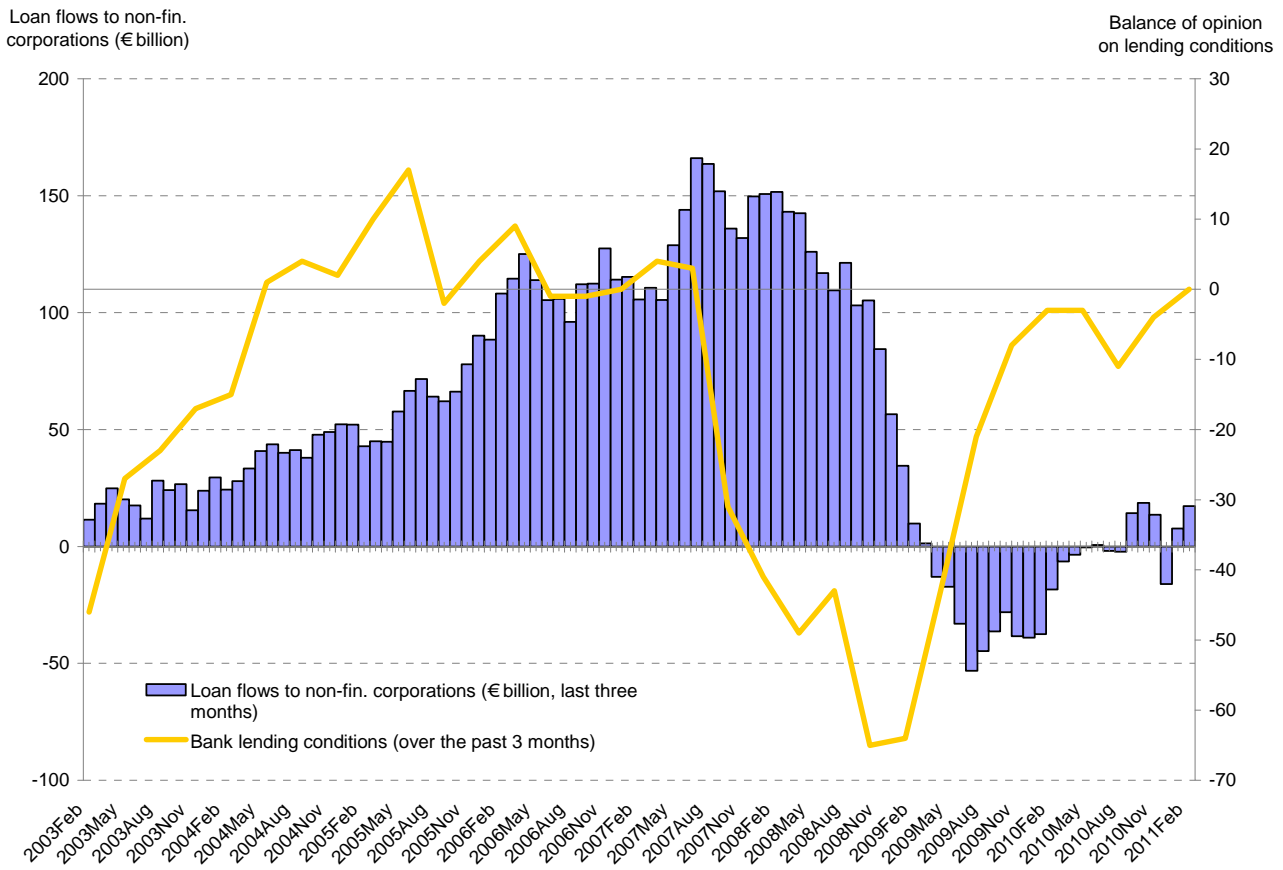


● Intermediate goods ● Capital goods ● Consumer goods ● Construction

Sectors falling under more than one category of goods are in secondary colours. The size of the bubble reflects employment in the sector.

Source: Eurostat

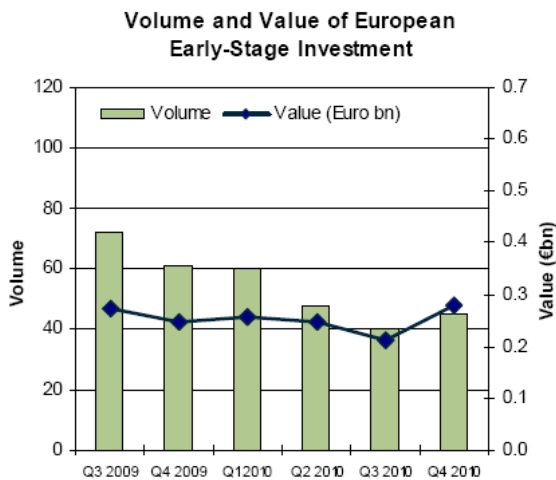
Chart 7. Loans to non-financial corporations in the euro area (€billion, last three months)



Source: ECB

Chart 8. Early stage venture capital statistics

Early Stage



	Number	Value (€m)
Q3 2009	72	272
Q4 2009	61	246
Q1 2010	60	258
Q2 2010	48	249
Q3 2010	40	213
Q4 2010	45	278
2009	276	1,109
2010	193	999

Source: unquote/Private Equity Insight (www.privateequityinsight.com)

Table 1: Manufacturing production per country – % change in comparison with the same quarter/month of the previous year (working day/seasonally adjusted*)

Total Industry	Q1-10	Q2-10	Q3-10	Q4-10	Nov-10	Dec-10	Jan-11	Change last 3M to Jan 2011 over peak Q1/2008*
EU27	4.4	8.6	7.9	8.3	8.0	9.1	8.7	-9.7
EA16	4.8	9.3	7.8	8.4	8.3	9.4	8.1	-10.7
Belgium	2.3	9.5	9.2	11.4	11.4	14.3	:	-8.6
Bulgaria	-4.0	2.8	7.6	8.7	11.5	7.6	14.9	-17.8
Czech Republic	8.3	10.0	11.5	11.7	13.8	10.3	18.5	-4.7
Denmark	-7.0	2.1	8.5	6.4	3.8	8.1	9.9	-16.3
Germany	7.5	13.5	11.8	13.7	12.4	14.8	13.2	-6.0
Estonia	1.7	16.9	21.8	34.8	31.4	36.5	42.0	-3.1
Ireland	3.8	4.3	12.3	14.1	19.9	14.1	1.6	2.4
Greece	-5.8	-5.8	-6.4	-4.8	-7.2	-3.4	-5.7	-19.4
Spain	-0.2	3.0	-0.3	0.0	2.9	-0.4	4.5	-21.9
France	6.0	7.3	4.2	5.4	4.6	6.6	7.3	-10.2
Italy	3.5	8.3	7.2	4.3	4.5	5.3	0.9	-17.8
Cyprus	-3.3	-3.1	-2.8	-4.3	-4.5	-4.8	-7.8	-16.4
Latvia	4.6	12.7	23.4	20.8	16.3	18.7	11.3	-12.7
Lithuania	-4.7	5.8	9.9	21.0	22.1	17.7	28.3	-2.2
Luxembourg	16.8	14.3	6.5	6.0	8.2	6.7	:	-10.0
Hungary	8.0	13.6	13.7	10.5	16.1	5.9	11.7	-12.1
Malta	6.6	14.9	8.5	0.9	2.4	-0.7	4.4	-9.0
Netherlands	5.4	9.1	5.6	5.1	5.4	4.7	7.3	-4.6
Austria	0.4	8.4	9.2	9.6	11.2	9.0	12.6	-4.2
Poland	12.2	11.8	13.3	10.8	7.6	13.0	9.5	6.8
Portugal	6.0	3.2	0.4	0.4	0.7	2.4	-0.1	-11.8
Romania	3.0	7.1	5.8	7.4	7.5	10.5	13.8	-0.6
Slovenia	-0.1	11.2	8.6	8.0	5.8	10.2	13.7	-13.3
Slovakia	21.7	26.8	16.1	17.1	18.5	19.4	20.3	5.8
Finland	-3.2	5.2	6.1	9.7	7.3	9.3	7.6	-17.0
Sweden	1.0	9.6	10.3	11.9	12.9	10.6	14.7	-13.1
United Kingdom	1.6	3.6	5.0	4.6	3.7	5.4	7.7	-8.5

: Data not available / * Working day adjusted / ** Estimated by Member State

Source: Eurostat

Table 2: EU27 output growth rate - % change in comparison to the corresponding period of the previous year and the trough (working day/seasonally adjusted data)³¹

Nace code	Sector name	Average growth 2009	Average growth 2010	Last 3M to Jan 2011	Jan-2011	Change trough over peak Q1/2008	Quarter of the trough	Change last 3M to Jan 2011 over peak Q1/2008
C	TOTAL MANUFACTURING	-14.7	7.3	8.1	8.7	-19.9	Q2/2009	-9.7
F	CONSTRUCTION	-8.8	-4.6	-3.5	-1.7	-18.3	Q4/2010	-19.2
C10	Food products	-1.1	2.3	-0.4	0.9	-2.8	Q4/2009	0.9
C25	Fabricated metal products	-21.9	7.0	-11.3	11.8	-28.0	Q2/2009	-18.4
C28	Machinery and equipment n,e,c,	-25.9	9.7	6.5	16.4	-30.5	Q3/2009	-15.7
C29	Motor vehicles, trailers and semi-trailers	-21.8	21.7	-3.4	19.1	-40.1	Q1/2009	-10.2
C18	Printing and reproduction of recorded media	-7.2	-0.9	3.2	2.4	-11.2	Q4/2009	-10.5
C31	Furniture	-16.6	-0.9	2.6	3.9	-22.3	Q3/2009	-20.6
C22	Rubber and plastic products	-13.0	7.9	3.1	8.6	-21.3	Q2/2009	-9.1
C27	Electrical equipment	-20.4	10.7	0.9	13.0	-25.8	Q2/2009	-11.9
C23	Other non-metallic mineral products	-18.6	2.1	4.6	11.6	-25.8	Q4/2009	-21.9
C14	Wearing apparel	-11.1	1.0	5.5	-10.5	-15.5	Q4/2010	-16.7
C20	Chemicals and chemical products	-10.5	10.4	5.3	6.5	-20.6	Q1/2009	-5.2
C16	Wood and of products of wood	-14.1	3.5	7.4	2.8	-21.8	Q2/2009	-18.5
C24	Basic metals	-25.3	18.8	4.8	14.2	-35.9	Q2/2009	-13.8
C13	Textiles	-16.6	8.1	14.3	6.8	-26.2	Q2/2009	-15.4
C30	Other transport equipment	-6.1	-2.6	10.6	-1.7	-8.5	Q3/2010	-7.2
C17	Paper and paper products	-9.0	6.1	12.3	3.0	-14.4	Q1/2009	-7.4
C21	Basic pharmaceutical products	3.2	6.9	11.6	1.5	3.6	Q1/2009	12.2
C15	Leather and related products	-12.3	3.5	17.6	1.6	-19.8	Q2/2009	-14.4
C11	Beverages	-2.9	-1.2	20.4	3.0	-7.2	Q4/2010	-6.6
C32	Other manufacturing	-5.9	7.7	-0.3	5.3	-8.6	Q2/2009	0.9
C19	Coke and refined petroleum products	-7.7	0.0	1.8	6.4	-11.6	Q1/2010	-7.7
C26	Computer, electronic and optical products	-16.7	9.4	7.0	15.2	-19.2	Q2/2009	-5.7
C12	Tobacco products	-2.9	-5.8	-0.4	-10.3	-19.4	Q4/2010	-20.1

Source: Eurostat

³¹ All the tables with sectoral data have been ranked according to their employment importance.

Table 3. Construction output – quarterly / monthly variation - % change in comparison with the same quarter / the same month of the previous year (working day/ seasonally adjusted*)

Total	Q1-10	Q2-10	Q3-10	Q4-10	Nov-10	Dec-10	Jan-11	Change last 3M to Jan 2011 over peak Q1/2008*
EU27	-9.0	-1.8	-3.2	-4.4	-1.6	-9.3	-1.7	-19.2
EA16	-10.2	-4.0	-8.2	-9.4	-7.0	-13.8	-5.0	-22.0
Belgium	-6.8	-0.7	-1.3	1.9	11.3	-9.4	:	-13.2
Bulgaria	-25.9	-21.6	-14.1	-8.2	0.1	-13.9	-12.4	-30.1
Czech Republic	-21.8	-8.3	-3.5	-4.8	-1.9	-13.2	6.9	-17.2
Germany	-11.0	4.1	3.5	-3.6	5.5	-23.7	55.4	-8.3
Spain	-12.8	-6.5	-34.9	-29.2	-30.8	-22.8	-43.2	
France	-4.5	-2.8	-1.8	-5.1	-0.8	-10.1	5.3	-12.3
Italy	-7.7	-4.7	1.7	-1.5	-3.8	0.1	-1.4	-18.6
Luxembourg	-1.6	4.1	1.9	-5.5	2.2	-20.4	:	0.2
Hungary	-11.5	-14.8	-5.6	-8.7	-1.6	-12.3	-4.5	-18.3
Netherlands	-18.1	-9.3	-9.5	-6.1	-4.0	-7.9	5.8	-16.8
Austria	-5.9	-3.7	-3.6	-4.6	-5.2	-5.7	-15.2	-14.3
Poland	-16.4	0.7	7.6	11.9	14.4	11.1	11.0	14.9
Portugal	-7.6	-8.9	-8.1	-9.4	-9.9	-8.8	-8.6	-20.1
Romania	-20.7	-11.9	-17.7	-7.3	-17.1	-1.8	-9.3	-19.1
Slovenia	-18.5	-16.8	-16.4	-15.9	-17.5	-12.2	-17.1	-37.0
Slovakia	-13.3	-5.8	-2.6	2.0	0.3	0.5	-2.3	-21.9
Finland	0.4	16.7	10.9	17.0	22.4	14.0	:	-3.8
Sweden	3.7	4.5	6.1	9.5	6.5	11.7	10.0	7.3
United Kingdom	-2.5	7.5	10.6	8.4	14.9	-3.0	5.6	-14.8
Buildings EU27	-8.9	-1.1	-2.2	-3.2	-0.6	-7.5	-0.2	-20.4
Civil engineering EU27	-8.5	-4.9	-5.9	-10.1	-6.9	-17.9	-10.1	-13.5

: Data not available

Source: Eurostat

Table 4: EU27 manufacturing and construction – monthly evolution (seasonally adjusted data)

Nace code	Sector name	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11
C	TOTAL MANUFACTURING	0.3	0.0	1.1	-0.5	0.8	1.2	0.8	0.9
F	CONSTRUCTION	2.4	-3.1	-0.2	-1.0	-0.3	-0.6	-3.5	0.8
C10	Food products	0.5	-0.7	0.7	0.4	0.0	0.9	-0.5	-0.5
C25	Fabricated metal products	0.7	0.4	2.7	-1.5	1.0	0.8	-0.6	2.0
C28	Machinery and equipment n,e,c,	2.3	1.0	4.4	-1.2	1.7	1.5	1.2	-1.3
C29	Motor vehicles, trailers and semi-trailers	0.1	-0.2	3.4	1.5	2.3	0.8	4.6	-1.3
C18	Printing and reproduction of recorded media	0.4	-0.6	0.7	-1.2	1.1	-1.7	0.7	0.9
C31	Furniture	-0.1	-0.2	-0.3	-0.8	0.3	1.4	-0.6	2.8
C22	Rubber and plastic products	-0.3	0.0	1.3	-0.7	1.4	1.9	0.2	1.7
C27	Electrical equipment	-0.1	1.1	1.4	-1.5	1.2	0.5	0.6	2.6
C23	Other non-metallic mineral products	0.7	0.2	2.1	-1.6	0.0	0.5	-4.3	6.1
C14	Wearing apparel	-3.1	1.1	-1.2	-0.5	-1.5	-2.2	4.2	-5.9
C20	Chemicals and chemical products	1.5	-0.8	0.2	-0.1	0.3	0.8	-1.6	2.3
C16	Wood and of products of wood	-1.0	0.4	0.2	-1.8	-0.1	1.5	-2.3	1.3
C24	Basic metals	-1.5	1.3	0.3	1.9	0.6	1.5	-0.8	1.0
C13	Textiles	0.5	-0.5	1.7	0.4	-0.2	0.5	0.8	0.1
C30	Other transport equipment	1.7	-3.2	-0.4	2.2	-1.5	-1.5	6.0	-2.4
C17	Paper and paper products	0.1	-1.0	0.8	-1.2	-0.6	1.4	-1.0	1.1
C21	Basic pharmaceutical products	2.9	1.5	-1.4	-0.4	0.0	0.2	-0.1	-0.6
C15	Leather and related products	1.0	0.0	0.7	-1.5	0.0	0.1	1.1	-2.0
C11	Beverages	3.7	3.5	-5.6	-0.5	0.1	2.6	-2.9	2.3
C32	Other manufacturing	-1.6	3.1	-0.8	-1.5	1.2	1.3	-2.1	2.5
C19	Coke and refined petroleum products	6.4	-1.5	-2.7	0.7	-2.1	4.4	-5.7	3.9
C26	Computer, electronic and optical products	0.5	0.5	2.2	-2.5	2.3	1.7	0.8	1.9
C12	Tobacco products	-0.3	-1.7	0.3	-4.4	0.0	-1.3	-6.3	5.6

Source: Eurostat

Table 5: EU27 employment growth rate by manufacturing sector - percentage change on previous period/peak (gross data)

NACE code	Sector name	Persons employed (000s)	Average growth 2009	Average growth 2010	Average growth Q3/2010	Average growth Q4/2010	Q4/2010 over peak Q1/2008
C	TOTAL MANUFACTURING	34412.8	-7.1	-3.7	-2.5	-1.3	-11.4
F	CONSTRUCTION	14093.2	-7.6	-5.5	-4.1	-3.8	-15.4
C10	Food products	4184.9	-2.0	-0.4	-0.7	0.4	-3.1
C25	Fabricated metal products	4000.0	-8.2	-4.4	-2.4	-1.3	-11.8
C28	Machinery and equipment n.e.c.	3649.5	-5.6	-5.7	-4.1	-2.5	-10.8
C29	Motor vehicles, trailers and semi-trailers	2234.8	-8.8	-2.5	-1.2	0.0	-11.6
C18	Printing and reproduction of recorded media	1820.0	-6.8	-5.1	-4.7	-2.6	-13.2
C31	Furniture	1800.0	-8.8	-6.2	-5.2	-4.0	-17.4
C22	Rubber and plastic products	1749.5	-6.7	-1.2	-0.2	0.5	-8.4
C27	Electrical equipment	1710.0	-8.1	-3.2	-1.1	-1.2	-10.9
C23	Other non-metallic mineral products	1586.5	-10.4	-5.6	-4.0	-2.2	-17.8
C14	Wearing apparel	1390.0	-12.8	-9.1	-8.7	-5.8	-24.1
C20	Chemicals and chemical products	1290.0	-4.6	-2.6	-2.0	-1.4	-8.8
C16	Wood and of products of wood	1268.7	-12.2	-3.8	-1.7	-0.6	-17.5
C24	Basic metals	1100.0	-8.2	-6.1	-4.2	-2.0	-14.1
C13	Textiles	1060.0	-12.9	-5.3	-3.5	-2.4	-21.2
C30	Other transport equipment	917.1	-3.2	-6.2	-5.9	-5.2	-10.4
C17	Paper and paper products	715.0	-5.2	-2.8	-1.7	-0.3	-8.8
C21	Basic pharmaceutical products	610.0	-3.6	-0.7	-1.0	-2.2	-7.1
C15	Leather and related products	548.8	-12.2	-3.9	-2.6	-0.1	-18.1
C11	Beverages	460.0	-6.3	-1.7	-1.9	-0.8	-10.2
C32	Other manufacturing	188.5	-2.9	-1.1	0.1	0.7	-3.3
C19	Coke and refined petroleum products	168.4	-2.7	-3.9	-2.5	-4.5	-8.5
C26	Computer, electronic and optical products	154.6	-8.5	-4.5	-2.9	-1.6	-14.1
C12	Tobacco products	67.7	-4.3	-5.0	-4.7	-5.9	-12.9

Source: Eurostat

Table 6: EU27 industry new orders - % change in comparison to the corresponding period or peak/trough – gross data

Nace code	Sector name	Average growth 2001-2007	Average growth 2008	Average growth 2009	Average growth 2010	Last 3M over Q4/2007	Last 3M over Q1/2009
C	MANUFACTURING FOR NEW ORDERS	4.4	-5.1	-21.9	17.2	-11.6	26.6
C25	Fabricated metal products	5.2	0.0	-24.4	13.4	-12.9	17.7
C28	Machinery and equipment n,e,c,	6.1	-5.3	-30.6	27.2	-10.3	38.7
C29	Motor vehicles, trailers and semi-trailers	5.1	-12.2	-22.2	19.8	-14.4	37.5
C27	Electrical equipment	3.8	-1.3	-20.6	17.5	-3.9	25.3
C14	Wearing apparel	-0.3	-1.1	-15.1	-2.8	-7.2	-31.8
C20	Chemicals and chemical products	3.6	2.8	-17.4	17.8	2.8	24.3
C24	Basic metals	7.6	-5.0	-37.5	40.5	-7.4	63.8
C13	Textiles	-2.6	-10.0	-17.3	10.4	-15.5	6.9
C30	Other transport equipment	8.6	-15.4	-14.3	-2.4	-41.1	17.0
C17	Paper and paper products	1.5	-1.9	-11.3	10.7	-2.3	13.0
C21	Basic pharmaceutical products	6.1	0.8	3.7	4.5	1.2	-3.4
C26	Computer, electronic and optical products	0.1	-9.0	-19.3	8.3	-20.8	23.4

* Average for last three months to January 2011 compared to the quarter when a peak/trough was reached by total manufacturing new orders

Source: Eurostat

Table 7: EU27 industry new orders – monthly evolution – seasonally adjusted data

Nace code	Sector name	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11
C	MANUFACTURING FOR NEW ORDERS	-1.4	3.3	-2.3	0.4	1.6	3.0	0.3
C25	Fabricated metal products	-0.5	2.0	1.1	-0.4	0.5	0.8	1.2
C28	Machinery and equipment n,e,c,	0.0	2.9	-0.1	-1.5	3.0	3.1	0.6
C29	Motor vehicles, trailers and semi-trailers	1.5	2.4	1.1	1.4	2.7	2.9	3.0
C27	Electrical equipment	3.6	2.7	-7.5	3.4	3.0	-0.2	2.5
C14	Wearing apparel	7.1	-1.2	2.4	3.2	-1.3	4.8	2.7
C20	Chemicals and chemical products	1.1	1.7	0.3	-1.1	1.1	1.8	4.2
C24	Basic metals	3.3	2.7	-1.0	1.7	2.1	1.2	7.3
C13	Textiles	0.0	0.0	0.1	-0.1	2.3	1.6	0.4
C30	Other transport equipment	-2.8	-3.9	-8.4	-0.6	8.2	5.4	-13.3
C17	Paper and paper products	1.6	0.1	-1.0	-1.3	1.8	2.6	1.2
C21	Basic pharmaceutical products	0.7	-0.6	-1.2	-1.5	-2.6	-0.9	0.6
C26	Computer, electronic and optical products	-1.3	1.0	-3.3	-0.1	5.7	-5.5	4.1

Source: Eurostat

Table 8: Extra EU Exports (in value) - % change in comparison to the corresponding period of the previous year

NACE code	Sector name	average growth 2003-9	average growth 2010	Dec-10	Jan-11
D	EU manufacturing	4.1	23.0	23.0	33.3
DA 15	Food & beverages	3.8	21.5	21.0	34.6
DJ 28	Fabricated metal products	5.1	16.3	15.4	27.6
DK 29	Machinery & equipment n.e.c.	5.0	15.2	19.3	33.1
DM 34	Motor vehicles	-0.2	51.3	39.0	53.1
DE 22	Publishing & printing	-2.5	6.5	16.9	18.1
DN 36	Furniture; manufacturing n.e.c.	0.3	22.1	23.3	24.0
DH 25	Rubber & plastic products	3.8	26.1	22.9	32.3
DL 31	Electrical machinery and apparatus n.e.c.	7.4	18.5	21.9	28.0
DL 32	Radio, TV and communication equipment	-2.1	23.1	40.3	32.9
DL 33	Scientific and other instruments	4.2	18.7	23.1	24.8
DI 26	Other non-metallic mineral products	0.4	15.9	12.8	21.6
DB 18	Wearing apparel	1.6	8.1	26.3	22.3
DG 24	Chemicals & chemical products	6.0	19.0	15.1	14.7
DD 20	Wood & of products of wood	0.5	19.6	19.3	25.9
DJ 27	Basic metals	9.4	32.7	32.6	52.7
DB 17	Textiles	1.9	-12.0	-11.9	13.9
DM 35	Other transport equipment	1.9	27.3	20.0	56.7
DE 21	Pulp, paper & paper products	2.2	21.9	20.4	24.9
DC 19	Leather	1.3	19.5	29.6	32.6
DF 23	Coke & refined petroleum	15.5	38.1	44.1	67.2
DL 30	Office machinery & computers	-4.5	5.2	10.1	19.0

Source: DG Trade

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