

Business services: recent economic developments

An analysis of short-term services statistics

The recovery from the financial and economic crisis within the European Union (EU) has been largely led by business activity while household consumption remains relatively unchanged.

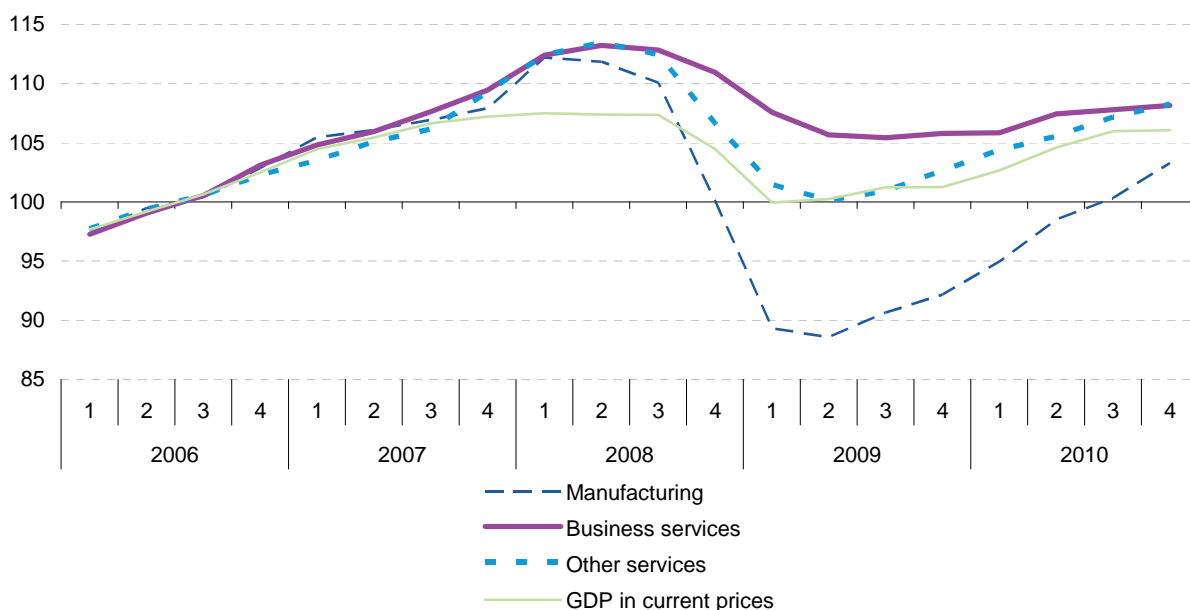
This publication looks at the role played by business services within the European economy and traces their recent development through the use of short-term business statistics (STS). It identifies a range of services that escaped the dramatic downturn associated with the crisis and shows that several of these have already seen their activity return to levels that are close to their pre-crisis highs.

Turnover in business services in the EU-27 fell 6.9 % during the financial and economic crisis, and by the end of 2010 had returned to within 4.5 % of its pre-crisis level: this represented a

smaller fall in turnover than for other services and for manufacturing, as well as a gentler rebound since the low point of the crisis.

“Business services” is used here to define a range of activities that in most cases provide services mainly to other businesses. However, their demand is not exclusively from business clients – for example, postal and telecommunication services are also used by private individuals. In terms of value added, the services covered by short-term business statistics (STS) account for 51 % of the non-financial business economy, while the business services which are the focus of this publication account for just under 30 % of the services’ share of the total.

Figure 1: Quarterly turnover indices and GDP, seasonally adjusted, EU-27 (1)
(2006=100)



(1) Estimates; all figures are presented in current prices.

Source: Eurostat (online data codes: [sts_intv_q](#), [sts_trtu_q](#), [sts_setu_q](#), [namq_gdp_c](#))

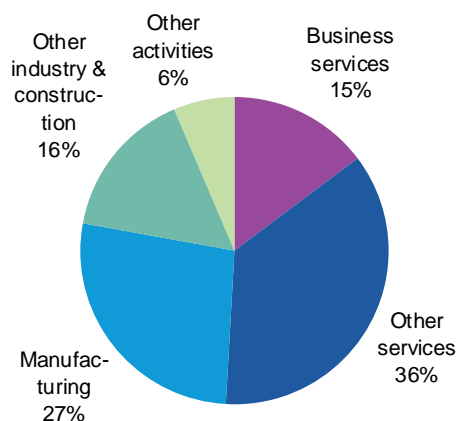
Among the three groups of activities covered (alongside GDP) in Figure 1, turnover growth in the EU-27 was quite similar prior to the financial and economic crisis. However, from the beginning of 2008 the developments varied greatly. Manufacturing turnover peaked in the first quarter of 2008, whereas for both business services and other services turnover peaked one quarter later. The downturn in manufacturing reached its low point in the second quarter of 2009, 21.1 % down on the pre-crisis peak. In the same quarter turnover for other services also reached its low point, 11.8 % down from its peak one year earlier. For business services the decline in turnover during the crisis was much less, falling by 6.9 % to reach its low point in the third quarter of 2009, in other words one quarter later than for manufacturing or other services.

Having diverged greatly during the financial and economic crisis, the turnover indices for manufacturing, business and other services have converged somewhat between their respective low points in the middle of 2009 and the latest data for the final quarter of 2010. Manufacturing recorded the strongest overall growth during this period, with turnover increasing 16.6 % between the second quarter of 2009 and the end of 2010, although it remained 8.0 % below its pre-crisis peak. Turnover for other services grew 8.1 % between the second quarter of 2009 and the end of 2010 whereas business services recorded growth of 2.6 % between its low point in the third quarter of 2009 and the end of 2010. The level of the turnover index for business services at the end of 2010 was 4.5 % below its pre-crisis peak, a similar level to that for other services (4.6 % below its peak).

Business services in the non-financial business economy

Figure 2 presents the structure of the EU-27's non-financial business economy. This shows that business services accounted for just under one sixth (15 %) of the total value added in 2008, while the other services covered by short-term statistics accounted for 36 %. Industrial and construction activities contributed 43 %, of which most was manufacturing.

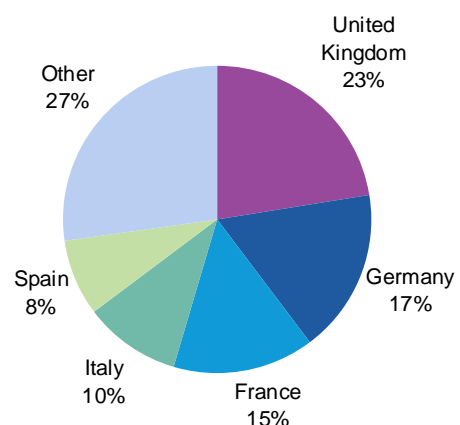
Figure 2: Share of business services in the non-financial business economy, EU-27, 2008
(% of value added)



Source: Eurostat (online data code : [sbs_na_1a_se_r2](#))

Among the Member States the United Kingdom had by far the largest business services sector (see Figure 3), accounting for 23 % of EU-27 business services value added. Together the five Member States with the largest business services sectors accounted for 73 % of EU-27 value added, a share that was marginally greater than the same Member States' share (71 %) in the EU-27's non-financial business economy.

Figure 3: Share of the largest Member States in the EU-27 total, business services, 2008 (1)
(% of value added)



(1) France, excluding postal and courier activities.

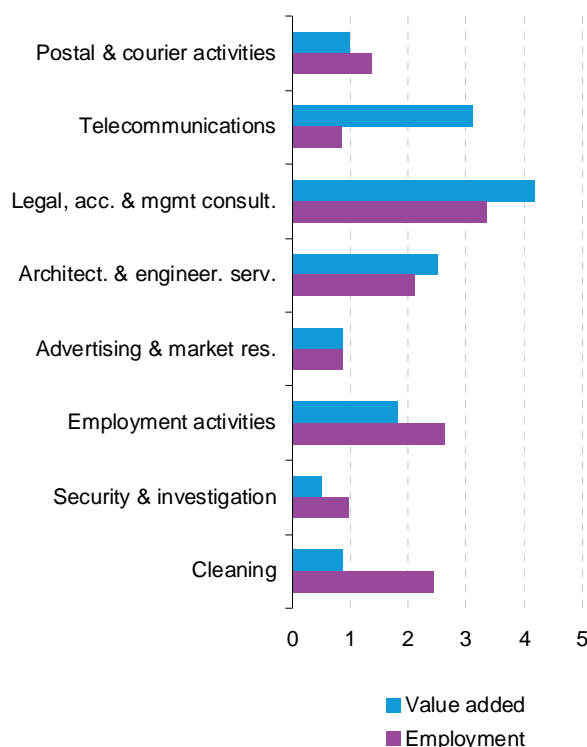
Source: Eurostat (online data code : [sbs_na_1a_se_r2](#))

Legal, accounting and management consultancy activities were the largest of the business services – in terms of EU-27 employment and value added in 2008. The labour forces of telecommunications, legal, accounting and management consultancy, and architectural and engineering services were all relatively productive as these activities had higher shares of non-financial business economy value added than they did of the non-financial business economy workforce. In contrast, most of the remaining business services reported lower levels of apparent labour productivity, in particular, labour-intensive sectors such as employment activities, security and investigation services or cleaning activities; this reflects to some extent the high proportion of part-time employment common in these activities, as employment is recorded as a simple head count.

The United Kingdom, Germany, France and Italy were among the five largest Member States (in value added terms) in the eight business services presented in Figure 4 (except postal and courier activities where data are not available for France). Spain was also among the five largest Member States in most of these business services, although the Netherlands was larger in advertising and market research, and in employment activities.

At an aggregated level there were generally few differences between the productivity ratios recorded for business services in the EU-27 and those recorded for the whole of the non-financial business economy (see Table 1). Nevertheless, the gross operating rate (defined as the gross operating surplus divided by turnover) – which is one measure of profitability – was almost twice as high for business services.

Figure 4: Employment and value added shares of business services in the non-financial business economy, EU-27, 2008 (%)



Source: Eurostat (online data code : [sbs_na_1a_se_r2](#))

In some services there is a relatively high proportion of unpaid working proprietors and/or family workers or a high propensity to engage staff on a part-time basis. The business services that recorded the highest wage adjusted labour productivity and gross operating rates tended to be those characterised more by full-time employment and a high propensity to engage paid employees.

Table 1: Productivity, personnel costs and profitability for business services, EU-27, 2008

	Apparent labour productivity	Average personnel costs	Wage adjusted labour productivity	Gross operating rate
	(EUR 1 000 per head)		(%)	
Non-financial business economy (B to J, L to N, 95)	44.1	30.8	143.1	10.0
Business services	45.7	31.1	147.1	21.9
Postal & courier activities (53)	33.0	27.8	118.0	10.4
Telecommunications (61)	165.0	52.4	314.4	30.4
Legal, acc. & mgmt consult. (69+70.2)	56.1	41.5	135.0	28.9
Architect. & engineer. serv. (71)	54.0	42.0	127.5	20.8
Advertising & market res. (73)	45.0	35.6	125.8	11.0
Employment activities (78)	31.0	27.1	113.8	10.1
Security & investigation (80)	23.0	20.1	113.1	10.1
Cleaning (81.2)	16.0	14.3	112.2	11.9

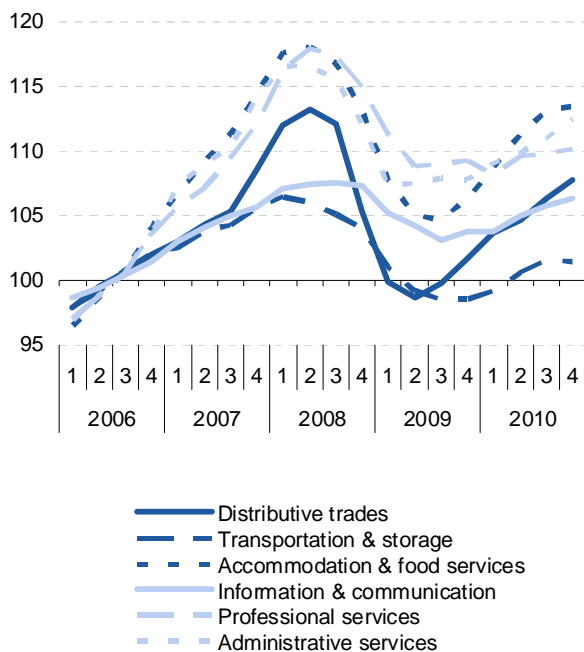
Source: Eurostat (online data code : [sbs_na_1a_se_r2](#))

Short-term development of services

Figure 5 takes a closer look at the development of turnover among services (both business and other services) covered within short-term statistics at the NACE section level of detail. Within the EU-27, the most rapid growth prior to the financial and economic crisis was recorded for professional services, administrative services and transportation and storage; while, following the crisis these three NACE sections continued to record the highest level of sales in relation to base year values for 2006. The majority of the activities included within the business services aggregate are included among these three NACE section headings.

The downturn in turnover was more pronounced for transportation and storage activities than for either professional or administrative services, with EU-27 sales falling by 11.4 % between the pre-crisis high of the second quarter of 2008 and a low-point in the third quarter of 2009. However, transportation and storage activities also registered the strongest recovery in activity among the services NACE sections covered in Figure 5, with rapid sales growth during 2010; the other service activity that saw a highly cyclical development was distributive trades (which includes motor trade activities which fluctuated considerably).

Figure 5: Quarterly services turnover indices, seasonally adjusted, EU-27 (2006=100)

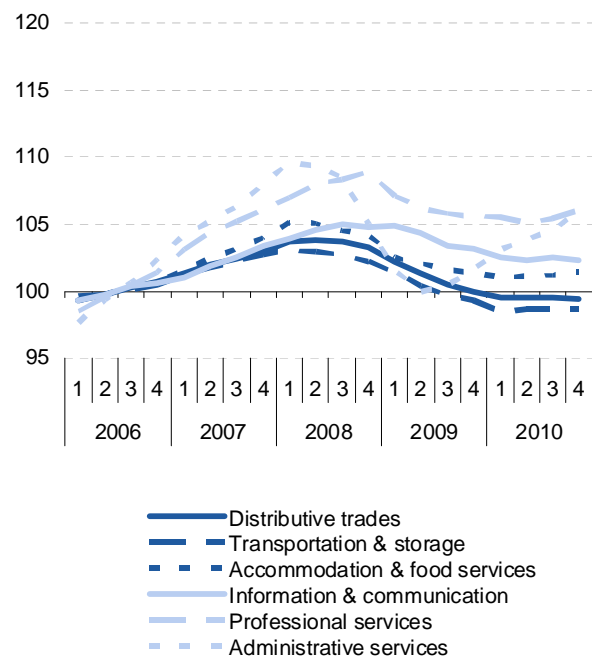


Source: Eurostat (online data codes: [sts_intv_q](#), [sts_trtu_q](#), [sts_setu_q](#))

Based on the employment index, the developments for the labour market in services over the last five years (as shown in Figure 6) was somewhat less clear. With the exception of transportation and storage activities, all services at the NACE section level recorded a higher index level in the final quarter of 2010 than at the start of 2006.

The most cyclical development in employment was recorded for administrative services. The effects of the crisis were apparent for the EU-27 index of employment for administrative services earlier than in other services, while the upturn in the administrative services labour market also occurred in advance of that for other services (and with considerably higher growth). This may be due to the main employer within administrative services being employment activities (largely temporary and agency workers). At the start of the crisis enterprises across the whole of the economy are likely to have cut back on temporary staff before reducing their own payroll, while temporary workers were probably taken on faster at the beginning of the upturn in activity until enterprises were confident the recovery could be sustained and then made the switch to employ on a more permanent basis.

Figure 6: Quarterly services employment, seasonally adjusted, EU-27 (2006=100)



Source: Eurostat (online data codes: [sts_intv_q](#), [sts_trlb_q](#), [sts_selb_q](#))

Short-term development of business services turnover

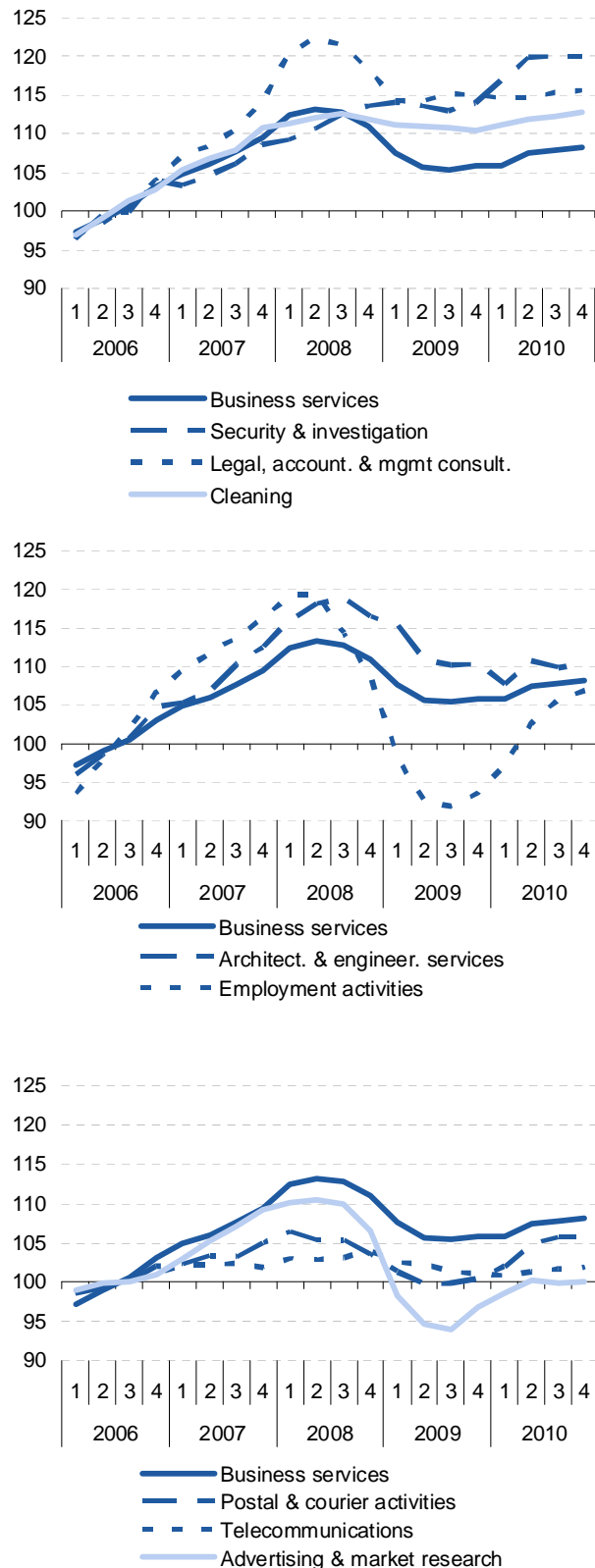
Figure 7 presents three graphs that show the development of EU-27 turnover indices for the activities that make-up the constituent parts of the business services aggregate. The different graphs group activities based upon their overall performance through to the end of 2010: the first shows those activities with the highest growth rates, the second those with growth rates similar to the business services average, and the final graph those activities where sales failed to grow as fast.

Security and investigation services saw their turnover in the EU-27 continue to grow during much of the crisis – and in so doing recorded the highest sales growth among the business services. The EU-27 turnover index for cleaning services fell only briefly and slightly as a result of the crisis; although growth during 2010 was subdued turnover in the last quarter of 2010 was above the pre-crisis peak.

For a short period of time the EU-27 turnover index for architectural and engineering services continued to grow after sales started to decline for most other business services. Subsequently, turnover declined and this pattern continued for considerably longer than for other services, perhaps reflecting the depressed nature of demand for building and civil engineering work. The most cyclical development of turnover was recorded for employment activities (which cover activities such as the listing of vacancies, employment agencies, or executive search and placement); despite the recent strong growth turnover for employment activities in the final quarter of 2010 remained 10.5 % below its pre-crisis peak.

Among the activities with the slowest overall turnover growth, advertising and market research as well as postal and courier activities both recorded relatively pronounced reductions in turnover starting in 2008 and levelling out in 2009, followed by relatively substantial growth during the second half of 2009 and into 2010.

Figure 7: Quarterly turnover indices in business services, seasonally adjusted, EU-27 (2006=100)



Source: Eurostat (online data code : [sts_setu_q](#))

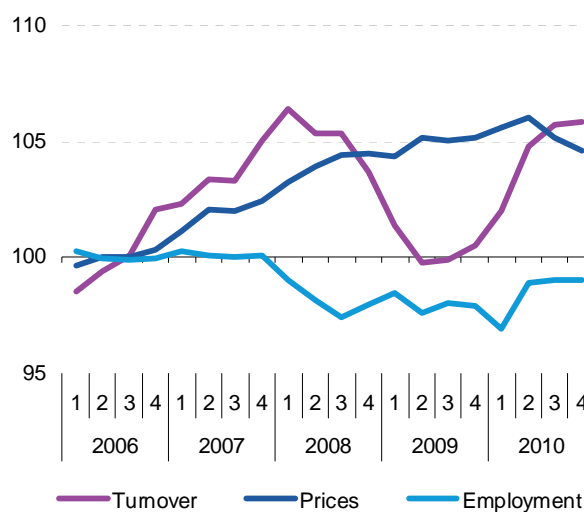
Postal & courier activities

There was a steady progression to EU-27 price increases for postal and courier activities, although the price index fell in both the third and final quarters of 2010.

The EU-27 turnover index for postal and courier activities displayed a cyclical development, largely following overall economic activity; it was possibly affected by a drop in business mailing/advertising during the financial and economic crisis. The relatively strong growth since the low point in the second quarter of 2009 brought the turnover index back to within 0.5 % of its pre-crisis peak.

The EU-27's employment index for postal and courier activities had been relatively stable prior to the crisis. During the first three quarters of 2008 the index fell 2.7 %. The index fluctuated within a range of +/-1 % for six quarters until it rose by 2.0 % in the second quarter of 2010; by the final quarter of 2010 it was within 1.0 % of its pre-crisis level.

Figure 8: Quarterly indices; postal and courier activities, EU-27 (2006=100)



Source: Eurostat (online data codes: [sts_setu_q](#), [sts_sepp_q](#), [sts_selb_q](#))

Table 2: Rates of change for turnover and prices; postal and courier activities (1) (%)

		Q/Q-1				Q/Q-4			
		Q1-2010	Q2-2010	Q3-2010	Q4-2010	Q1-2010	Q2-2010	Q3-2010	Q4-2010
Turnover	EU-27	1.5	2.7	0.9	0.1	0.4	5.4	6.4	5.5
	Romania	7.5	4.2	1.5	2.4	21.3	19.4	20.2	16.8
	United Kingdom	2.3	11.9	6.3	4.0	2.9	24.1	28.9	25.3
	Czech Republic	1.8	0.5	0.7	7.7	6.7	6.3	6.1	11.7
	Ireland	0.9	-1.3	-0.9	-0.3	-11.8	-6.4	-5.1	-1.5
	Italy	3.0	0.6	-5.4	-5.1	1.6	2.7	-1.4	-7.2
	Lithuania	1.2	-1.8	2.1	0.2	-13.5	-13.7	-3.6	1.4
		Q/Q-1				Q/Q-4			
		Q1-2010	Q2-2010	Q3-2010	Q4-2010	Q1-2010	Q2-2010	Q3-2010	Q4-2010
Prices	EU-27	0.4	0.5	-0.8	-0.5	1.2	0.9	0.1	-0.5
	Romania	:	0.0	0.3	0.0	:	:	:	:
	United Kingdom	-0.4	0.8	0.2	-1.0	3.9	0.6	0.6	-0.5
	Czech Republic	0.7	0.1	4.2	0.2	0.7	0.9	5.1	5.3
	Ireland	3.7	0.2	-0.1	-0.3	2.3	2.6	2.5	3.6
	Italy	1.3	1.5	-3.4	-1.9	-0.9	2.5	-0.6	-2.6
	Lithuania	0.3	3.0	-3.7	0.2	-2.5	1.9	-1.3	-0.3

(1) Turnover growth rates are seasonally adjusted for Q/Q-1 and working day adjusted for Q/Q-4; changes in prices are based on gross data; the Member States were selected on the basis of the three highest and three lowest turnover growth rates for the period Q1-2008 to Q4-2010.

Source: Eurostat (online data codes: [sts_setu_q](#), [sts_sepp_q](#))

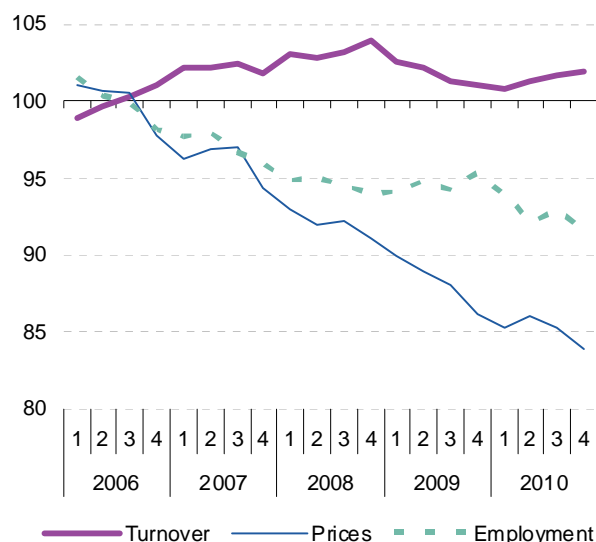
Telecommunications

The telecommunications sector is similar to that for postal services insofar as it is often characterised by large network suppliers – although liberalisation measures and a move from fixed to mobile telecommunications have seen the relative importance of previous monopoly suppliers reduced. As is the case for many technology-related activities, this sector is also characterised by falling prices – a development that continued unabated during the crisis and the subsequent recovery.

In a similar vein, the number of persons employed within the EU-27's telecommunications sector fell almost continuously during the period covered. Despite falling prices, sales within the EU-27's telecommunications' sector were largely maintained during the crisis – falling by 3.0 % between the final quarter of 2008 and the first quarter of 2010.

The United Kingdom (which had the largest telecommunications sector in terms of value added and employment) reported one of the highest growth rates for turnover during the period 2008 to 2010, behind Luxembourg.

Figure 9: Quarterly indices, telecommunications, EU-27 (2006=100)



Source: Eurostat (online data codes: [sts_setu_q](#), [sts_sepp_q](#), [sts_selb_q](#))

Table 3: Rates of change for turnover and prices; telecommunications (1)
(%)

		Q/Q-1				Q/Q-4			
		Q1-2010	Q2-2010	Q3-2010	Q4-2010	Q1-2010	Q2-2010	Q3-2010	Q4-2010
Turnover	EU-27	-0.3	0.5	0.4	0.3	-1.7	-0.7	0.3	0.4
	Luxembourg	5.7	2.0	5.0	16.7	5.8	15.0	17.6	41.4
	United Kingdom	3.4	2.0	0.7	1.2	0.7	3.7	5.8	7.4
	Cyprus	1.2	1.8	-1.1	4.0	2.3	2.2	2.5	6.6
	Lithuania	-2.6	-0.7	-1.4	-1.9	-11.7	-9.0	-7.7	-6.4
	Greece	-5.3	-4.3	-3.2	-8.8	-6.5	-8.5	-7.8	-22.9
	Ireland	-10.4	22.5	-10.4	-5.2	-31.8	-1.9	-7.7	-6.7
		Q/Q-1				Q/Q-4			
		Q1-2010	Q2-2010	Q3-2010	Q4-2010	Q1-2010	Q2-2010	Q3-2010	Q4-2010
Prices	EU-27	-0.9	0.9	-0.9	-1.6	-5.1	-3.2	-3.1	-2.6
	Luxembourg	-0.2	-4.4	3.8	-0.1	-1.9	-6.5	-0.9	-1.0
	United Kingdom	0.0	4.8	-5.0	0.0	-6.0	-1.3	-3.2	-0.5
	Cyprus	1.0	1.8	-1.2	0.0	3.7	5.6	1.7	1.7
	Lithuania	-3.1	-3.9	-5.3	-3.4	-9.0	-13.0	-12.4	-14.8
	Greece	:	:	:	:	:	:	:	:
	Ireland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

(1) Turnover growth rates are seasonally adjusted for Q/Q-1 and working day adjusted for Q/Q-4; changes in prices are based on gross data; the Member States were selected on the basis of the three highest and three lowest turnover growth rates for the period Q1-2008 to Q4-2010.

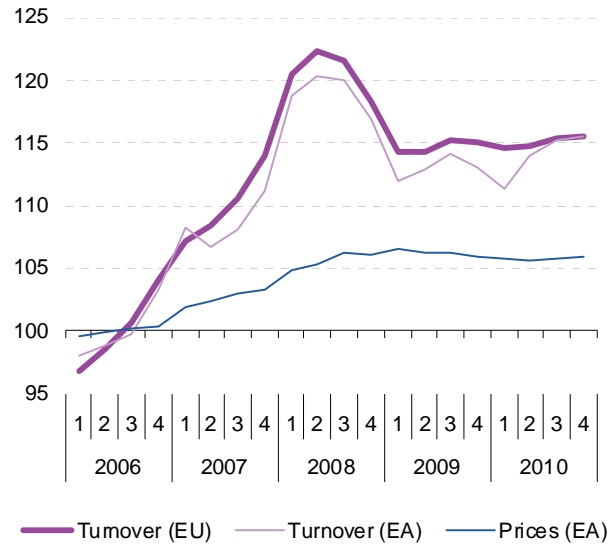
Source: Eurostat (online data codes: [sts_setu_q](#), [sts_sepp_q](#))

Legal, accounting & management consultancy

Figure 10 shows how similar turnover developments for legal, accounting and management consultancy were within the EU-27 and the euro area (EA). Having peaked in the second quarter of 2008, sales fell by 6 % to 7 % in both the EU-27 and the euro area; there were few signs of any recovery following the crisis, with little overall change in the index of turnover during the last six quarters for which data are available.

The lack of turnover growth was mirrored in the development of prices for the euro area, with the gradual price increases apparent through to the first quarter of 2009 coming to an end, and prices declining slightly through to the second quarter of 2010 before returning to growth during the third and final quarters of 2010.

Figure 10: Quarterly indices, legal, accounting and management consultancy, EU-27 (2006=100)



Source: Eurostat (online data codes: [sts_setu_q](#), [sts_sepp_q](#), [sts_selb_q](#))

Table 4: Rates of change for turnover and prices; legal, accounting and management consultancy (1)

		Q/Q-1				Q/Q-4			
		Q1-2010	Q2-2010	Q3-2010	Q4-2010	Q1-2010	Q2-2010	Q3-2010	Q4-2010
Turnover	EU-27	-0.3	0.1	0.5	0.2	-0.1	0.3	0.2	1.0
	Hungary	2.3	2.2	0.4	2.7	16.8	26.0	5.4	8.2
	Estonia	20.4	12.4	28.2	-16.7	20.8	43.6	103.8	44.6
	Poland	4.4	2.1	-1.3	3.5	8.0	10.9	9.7	9.3
	Greece	8.7	-9.3	0.6	-5.8	7.3	-19.1	-1.1	-8.5
	Malta	0.3	-11.3	35.5	-19.5	-0.1	-27.4	7.3	-3.0
	Ireland	-13.3	6.2	3.3	-7.3	-28.7	-15.8	-4.9	-11.8
		Q/Q-1				Q/Q-4			
		Q1-2010	Q2-2010	Q3-2010	Q4-2010	Q1-2010	Q2-2010	Q3-2010	Q4-2010
Prices	EA-17	-0.2	-0.1	0.1	0.2	-0.8	-0.5	-0.4	0.0
	Hungary	:	:	:	:	:	:	:	:
	Estonia	-2.1	-1.0	0.0	0.1	-4.6	-5.9	-4.6	-3.0
	Poland	:	:	:	:	:	:	:	:
	Greece	:	:	:	:	:	:	:	:
	Malta	:	:	:	:	:	:	:	:
	Ireland	-1.4	0.5	0.3	-0.1	-4.3	-3.6	-1.9	-0.7

(1) Turnover growth rates are seasonally adjusted for Q/Q-1 and working day adjusted for Q/Q-4; changes in prices are based on gross data; the Member States were selected on the basis of the three highest and three lowest turnover growth rates for the period Q1-2008 to Q4-2010.

Source: Eurostat (online data codes: [sts_setu_q](#), [sts_sepp_q](#))

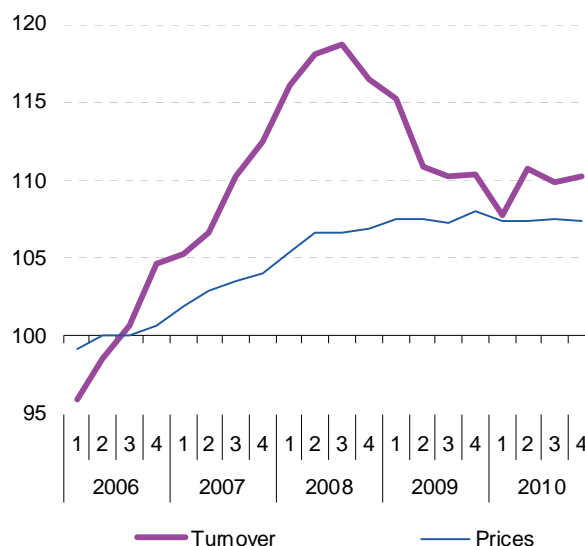
Architectural & engineering activities; technical testing & analysis

Sales for architectural and engineering activities grew at a rapid pace during 2006 and 2007, with the EU-27 index of turnover peaking in the third quarter of 2008. Sales then fell by 7.2 % during the next four quarters and subsequently showed no signs of sustained recovery thereafter; the stagnant EU-27 index of turnover may reflect the relatively low level of construction activity across many Member States since the onset of the crisis.

As with legal, accounting and management consultancy, the lack of a recovery in sales for architectural and engineering activities was reflected in the development of the index of prices, as there was almost no change in the price of these services in the EU-27 throughout 2009 or 2010.

There were some Member States that reported a recovery in this activity, most notably Hungary and Poland. At the other end of the range, the largest reductions in turnover were recorded in Greece and two of the Baltic Member States – although there was some evidence of a recovery in both Estonia and Lithuania during the second half of 2010.

Figure 11: Quarterly indices, architectural and engineering activities, technical testing and analysis, EU-27 (2006=100)



Source: Eurostat (online data codes: [sts_setu_q](#), [sts_sepp_q](#))

Table 5: Rates of change for turnover and prices; architectural and engineering activities, technical testing and analysis (1)

		Q/Q-1				Q/Q-4			
		Q1-2010	Q2-2010	Q3-2010	Q4-2010	Q1-2010	Q2-2010	Q3-2010	Q4-2010
Turnover	EU-27	-2.4	2.8	-0.8	0.4	-7.0	0.2	-0.2	0.3
	Hungary	2.1	-3.7	1.8	-5.5	30.9	18.1	21.7	-6.1
	Poland	7.5	5.3	-2.1	1.9	-3.4	20.7	11.0	20.4
	Malta	-11.5	5.1	-12.6	20.2	23.9	16.2	4.7	-2.1
	Greece	6.2	-9.4	-8.7	-1.9	-21.3	-25.0	-28.5	-14.1
	Lithuania	-5.3	1.2	4.9	4.3	-33.1	-22.6	-20.9	2.4
	Estonia	-4.7	2.1	3.2	4.4	-34.3	-24.0	-6.1	5.3
		Q/Q-1				Q/Q-4			
		Q1-2010	Q2-2010	Q3-2010	Q4-2010	Q1-2010	Q2-2010	Q3-2010	Q4-2010
Prices	EU-27	-0.6	0.0	0.2	-0.1	-0.1	-0.2	0.2	-0.6
	Hungary	:	:	:	:	:	:	:	:
	Poland	-0.4	1.2	-0.4	-0.1	-0.5	1.4	0.5	0.4
	Malta	:	:	:	:	:	:	:	:
	Greece	0.2	-1.0	-0.4	:	2.6	-0.3	-0.7	:
	Lithuania	-7.9	-1.3	11.2	2.7	-18.7	-18.3	3.0	3.9
	Estonia	:	:	:	:	:	:	:	:

(1) Turnover growth rates are seasonally adjusted for Q/Q-1 and working day adjusted for Q/Q-4; changes in prices are based on gross data; the Member States were selected on the basis of the three highest and three lowest turnover growth rates for the period Q1-2008 to Q4-2010.

Source: Eurostat (online data codes: [sts_setu_q](#), [sts_sepp_q](#))

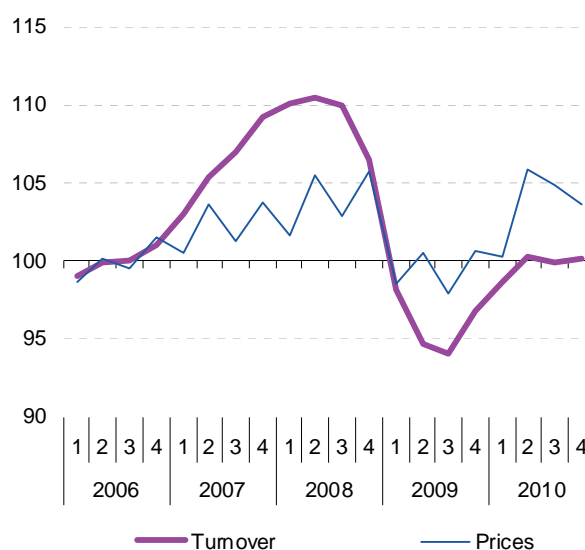
Advertising & market research

The development of the EU-27's index of turnover for advertising and market research activities followed closely overall economic activity, with sales peaking in the third quarter of 2008, then falling by 14.5 % through to the third quarter of 2009, after which there was a recovery which was halted in the second half of 2010. Despite the growth recorded in the second half of 2009 and the first half of 2010, the EU-27 turnover index for advertising and market research activities in the final quarter of 2010 remained 9.0 % below its pre-crisis high.

The EU-27 price index for advertising and market research activities shows an irregular development, alternating between increases and decreases on an almost quarterly basis. Underlying this development it can be seen that prices fell substantially in the first quarter of 2009 alongside the sharpest quarterly fall in turnover. Equally, the fastest increase in prices (during the period studied) was in the second quarter of 2010 on the back of three quarters of turnover growth.

As with many of the business services that are covered in this short publication, some of the highest growth rates for turnover indices during recent years for which data are available were recorded among central and eastern European countries – with the fastest growth for advertising and market research activities recorded in Slovakia, Hungary and Poland (see Table 6).

Figure 12: Quarterly indices, advertising and market research, EU-27 (2006=100)



Source: Eurostat (online data codes: [sts_setu_q](#), [sts_sepp_q](#))

Table 6: Rates of change for turnover and prices; advertising and market research (1)

		Q/Q-1				Q/Q-4			
		Q1-2010	Q2-2010	Q3-2010	Q4-2010	Q1-2010	Q2-2010	Q3-2010	Q4-2010
Turnover	EU-27	1.9	1.6	-0.3	0.2	1.2	6.5	6.0	2.8
	Slovakia	2.5	-2.0	-2.3	16.9	12.1	8.5	6.7	15.3
	Hungary	35.8	-6.7	-4.7	-12.5	74.9	40.3	49.5	6.8
	Poland	3.9	2.4	2.9	0.7	9.4	14.2	15.2	9.5
	Romania	-8.9	6.2	-1.9	-9.1	-30.1	-8.4	-8.2	-14.0
	Lithuania	8.7	8.6	-9.3	2.5	-18.8	5.2	-4.6	7.7
	Greece	-7.0	-10.7	-17.9	-8.1	-7.7	-13.1	-33.3	-37.6
		Q/Q-1				Q/Q-4			
		Q1-2010	Q2-2010	Q3-2010	Q4-2010	Q1-2010	Q2-2010	Q3-2010	Q4-2010
Prices	EU-27	-0.4	5.6	-0.9	-1.2	1.7	5.3	7.1	2.9
	Slovakia	:	:	:	:	:	:	:	:
	Hungary	:	:	:	:	:	:	:	:
	Poland	-2.0	1.4	-1.3	1.3	-1.4	-2.9	-0.6	-0.6
	Romania	:	:	:	:	:	:	:	:
	Lithuania	-0.7	-0.6	5.8	0.6	0.2	-2.4	6.9	5.0
	Greece	-0.2	0.0	0.5	:	-0.7	-0.7	-0.3	:

(1) Turnover growth rates are seasonally adjusted for Q/Q-1 and working day adjusted for Q/Q-4; changes in prices are based on gross data; the Member States were selected on the basis of the three highest and three lowest turnover growth rates for the period Q1-2008 to Q4-2010.

Source: Eurostat (online data codes: [sts_setu_q](#), [sts_sepp_q](#))

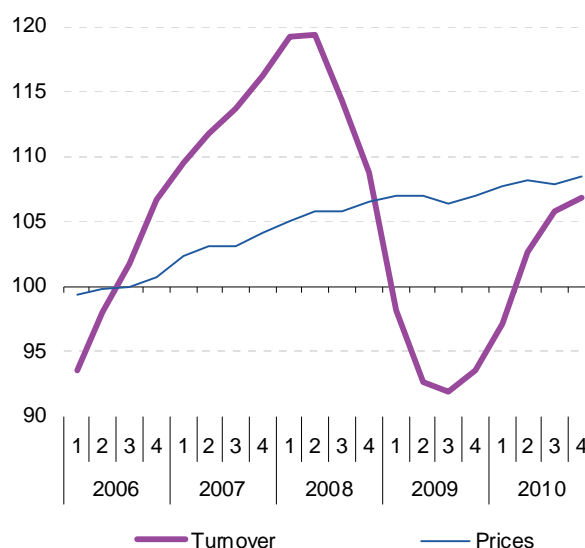
Employment activities

The development of the EU-27's index of turnover for employment activities closely followed that of overall economic activity, as the demand for services such as placing temporary and agency staff or head-hunting peaked in the second quarter of 2008, before falling by as much as 23.1 % through to a low-point in the third quarter of 2009. The pace of the recovery was not as fast as the contraction in activity, but EU-27 turnover nevertheless grew 16.3 % between the third quarter of 2009 and the final quarter of 2010. The combined effect of this downturn and upswing was that the EU-27 turnover index for employment activities was 10.5 % lower in the final quarter of 2010 than at its peak prior to the crisis.

The development of the EU-27 price index for employment activities was undisturbed by the relatively large movements in turnover, continuing its upward path. The only substantial quarter on quarter fall in the price index was recorded in the third quarter of 2009 (-0.6 %) as the turnover index reached a temporary low point.

From the start of 2008 to the final quarter of 2010 the biggest declines in turnover were recorded in Spain and Ireland. However, there was an expansion in Spanish activity in 2010, perhaps resulting from enterprises turning to agency and temporary workers to meet their additional staffing requirements.

Figure 13: Quarterly indices, employment activities, EU-27 (2006=100)



Source: Eurostat (online data codes: [sts_setu_q](#), [sts_sepp_q](#))

Table 7: Rates of change for turnover and prices; employment activities (1)

		Q/Q-1				Q/Q-4			
		Q1-2010	Q2-2010	Q3-2010	Q4-2010	Q1-2010	Q2-2010	Q3-2010	Q4-2010
Turnover	EU-27	3.8	5.7	3.0	1.1	-0.7	11.6	15.4	13.7
	Malta	-3.9	6.2	12.1	-15.6	54.7	79.1	101.0	-4.9
	Poland	11.9	8.3	7.9	8.1	45.3	46.7	41.1	37.9
	Cyprus	1.0	-1.1	1.2	3.2	2.2	0.8	2.4	17.3
	Greece	1.6	-5.3	-1.3	-3.1	0.3	-8.7	-3.7	-8.8
	Spain	4.8	5.2	1.7	3.7	6.6	16.5	16.3	17.6
	Ireland	1.5	-13.5	7.0	-2.4	-20.5	-31.6	-13.1	-7.8
		Q/Q-1				Q/Q-4			
		Q1-2010	Q2-2010	Q3-2010	Q4-2010	Q1-2010	Q2-2010	Q3-2010	Q4-2010
Prices	EU-27	0.6	0.4	-0.2	0.5	0.7	1.1	1.5	1.4
	Malta	:	:	:	:	:	:	:	:
	Poland	1.8	-0.8	0.9	-0.3	1.5	0.7	1.8	1.6
	Cyprus	-8.7	-15.6	-4.3	-8.0	-14.3	-26.4	-30.3	-32.1
	Greece	:	:	:	:	:	:	:	:
	Spain	0.5	2.1	0.5	-0.1	0.2	2.9	3.4	3.0
	Ireland	-3.9	1.5	-4.7	2.3	-8.7	-1.4	-6.2	-5.0

(1) Turnover growth rates are seasonally adjusted for Q/Q-1 and working day adjusted for Q/Q-4; changes in prices are based on gross data; the Member States were selected on the basis of the three highest and three lowest turnover growth rates for the period Q1-2008 to Q4-2010.

Source: Eurostat (online data codes: [sts_setu_q](#), [sts_sepp_q](#))

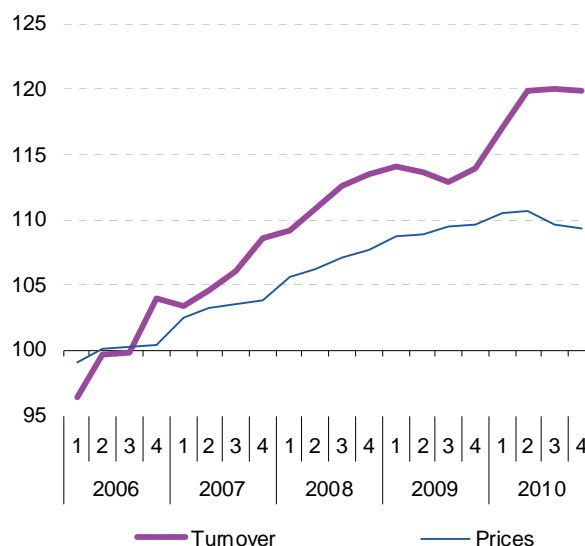
Security & investigation activities

In contrast to many of the other business services there was little or no evidence of a slowdown in activity within the EU-27 for security and investigation activities during the crisis. The index of turnover rose throughout most of the period from the first quarter of 2006 to the final quarter of 2010: a short-lived fall in turnover was recorded in the first quarter of 2007 with the only sustained reduction in the second and third quarters of 2009.

The development of EU-27 prices followed a largely uninterrupted pattern, increasing at a fairly uniform pace during the period considered until the second quarter of 2010. The price index fell in both the third and final quarter of 2010 accompanying the stagnation in turnover recorded during the second half of 2010.

The development of turnover indices from the first quarter of 2008 to the final quarter of 2010 showed that the most rapid growth in the EU-27 was recorded in Hungary, while the most sizeable contractions in activity were registered for Estonia and Latvia.

Figure 14: Quarterly indices, security and investigation activities, EU-27 (2006=100)



Source: Eurostat (online data codes: [sts_setu_q](#), [sts_sepp_q](#))

Table 8: Rates of change for turnover and prices; security and investigation activities (1)

		Q/Q-1				Q/Q-4			
		Q1-2010	Q2-2010	Q3-2010	Q4-2010	Q1-2010	Q2-2010	Q3-2010	Q4-2010
Turnover	EU-27	2.8	2.4	0.1	0.0	2.5	5.6	6.2	5.2
	Hungary	11.2	4.3	5.8	4.9	15.3	16.8	32.1	28.7
	United Kingdom	10.8	4.6	1.9	-1.4	13.7	19.5	22.2	16.4
	Finland	1.8	0.5	1.3	1.9	4.6	4.4	4.4	5.7
	Malta	44.9	-4.1	-7.0	-7.5	18.2	10.7	19.4	19.6
	Latvia	-7.9	-6.4	-4.7	-3.4	-14.8	-16.8	-20.2	-21.1
	Estonia	-5.6	-0.1	5.0	0.4	-22.9	-18.3	-4.1	0.9
		Q/Q-1				Q/Q-4			
		Q1-2010	Q2-2010	Q3-2010	Q4-2010	Q1-2010	Q2-2010	Q3-2010	Q4-2010
Prices	EU-27	0.8	0.2	-1.0	-0.2	1.6	1.7	0.1	-0.2
	Hungary	:	:	:	:	:	:	:	:
	United Kingdom	0.1	0.2	-4.6	0.0	1.4	1.6	-4.3	-4.4
	Finland	2.8	0.5	1.0	0.0	3.3	3.3	4.4	4.3
	Malta	:	:	:	:	:	:	:	:
	Latvia	-1.3	-0.9	-0.3	4.5	-7.7	-5.2	-2.7	1.8
	Estonia	:	:	:	:	:	:	:	:

(1) Turnover growth rates are seasonally adjusted for Q/Q-1 and working day adjusted for Q/Q-4; changes in prices are based on gross data; the Member States were selected on the basis of the three highest and three lowest turnover growth rates for the period Q1-2008 to Q4-2010.

Source: Eurostat (online data codes [sts_setu_q](#), [sts_sepp_q](#))

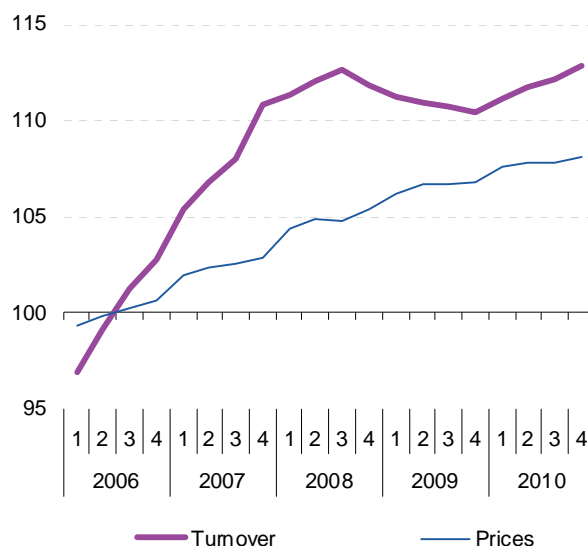
Cleaning activities

Turnover generated by cleaning activities followed a cyclical pattern – although the downturn in activity associated with the crisis was relatively modest compared with most other business services; this may reflect the existence of long-term contracts or that customers regard these services as a necessity. There were few effects of the crisis on Greek turnover for cleaning activities, in contrast to most other business services, as Greece recorded the highest sales growth in the EU-27 between the first quarter of 2008 and the final quarter of 2010.

Overall the EU-27's turnover index for cleaning activities fell 2.0 % between the third quarter of 2008 and the final quarter of 2009, while the subsequent growth through to the end of 2010 was 2.2 %; as a result turnover in cleaning activities at the end of 2010 had moved above their previous high point recorded prior to the crisis.

The price of cleaning activities is largely determined by the cost of labour. As such, it is likely that, at least in some countries, the price index for cleaning activities reflects statutory increases which seek to guarantee that minimum wages reflect changes to the cost of living. EU-27 prices for cleaning activities rose at a relatively modest pace throughout the period under consideration – as did the EU-27 inflation rate.

Figure 15: Quarterly indices, cleaning activities, EU-27 (2006=100)



Source: Eurostat ([sts_setu_q](#), [sts_sepp_q](#))

Table 9: Rates of change for turnover and prices; cleaning activities (1)

		Q/Q-1				Q/Q-4			
		Q1-2010	Q2-2010	Q3-2010	Q4-2010	Q1-2010	Q2-2010	Q3-2010	Q4-2010
Turnover	EU-27	0.6	0.6	0.4	0.6	-0.2	1.0	1.2	2.6
	Greece	3.1	3.9	-6.6	7.3	5.3	9.9	-15.5	6.5
	Cyprus	5.9	1.2	-2.3	16.6	8.4	3.1	-4.8	24.9
	Slovakia	-5.9	-4.3	6.2	3.5	9.9	0.6	-2.4	-1.1
	Lithuania	6.0	-1.3	-0.9	11.5	-16.7	-7.6	0.7	14.7
	Malta	3.9	-11.0	5.0	-15.0	3.6	-4.2	-13.4	-17.4
	Romania	-6.7	-6.2	6.7	-6.6	-37.0	-38.1	-27.5	-13.8
		Q/Q-1				Q/Q-4			
		Q1-2010	Q2-2010	Q3-2010	Q4-2010	Q1-2010	Q2-2010	Q3-2010	Q4-2010
Prices	EU-27	0.8	0.2	0.1	0.3	1.3	1.0	1.1	1.3
	Greece	-0.1	0.0	0.0	:	1.3	1.1	0.2	:
	Cyprus	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Slovakia	:	:	:	:	:	:	:	:
	Lithuania	-3.8	-5.0	-4.2	-0.3	-11.4	-12.2	-13.3	-12.6
	Malta	:	:	:	:	:	:	:	:
	Romania	:	:	:	:	:	:	:	:

(1) Turnover growth rates are seasonally adjusted for Q/Q-1 and working day adjusted for Q/Q-4; changes in prices are based on gross data; the Member States were selected on the basis of the three highest and three lowest turnover growth rates for the period Q1-2008 to Q4-2010.

Source: Eurostat (online data codes: [sts_setu_q](#), [sts_sepp_q](#))

Price indices for other services: transport and storage

As well as the business services presented on the previous pages, EU-27 service price indices are available for a small number of other services. Figure 16 shows the price indices available for several transport and storage activities.

The EU-27 price index for freight transport by road closely followed that of overall economic activity, as prices reached a peak in the third quarter of 2008 and then fell as the impact of the financial and economic crisis was felt. Prices fell 3.4 % between the third quarters of 2008 and 2009, and then rose by 3.0 % by the end of 2010, as the price index for freight transport by road remained 0.6 % below its pre-crisis level.

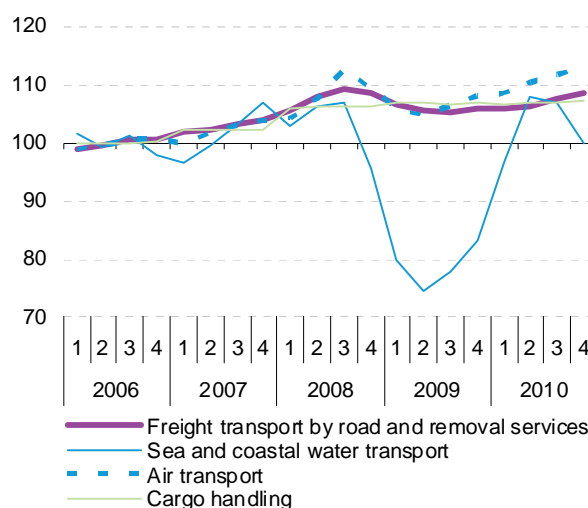
The price index for sea and coastal water transport fell strongly from the third quarter of 2008 as operators were left with over-capacity at the onset of the crisis. The EU-27's price index fell by 30.2 % in the space of three quarters: -10.8 % in the fourth quarter of 2008, -16.2 % in the first quarter of 2009 and -6.6 % in the second quarter of 2009. Prices rebounded, increasing 44.6 % between the second quarters of 2009 and 2010, before dropping again in the second half of 2010.

Like water transport, air transport services are particularly sensitive to the overall economic conditions in an economy. An increase in business activity and trade relations will inevitably result in a greater need for transport services – while consumer confidence and increased levels of purchasing power are likely to result in more people taking holidays and for these to be further afield. Prices within the air transport sector are also closely linked to the price of fuel – which climbed

considerably during the first half of 2008, before falling during much of the crisis and then starting to climb once again. The EU-27's price index for air transport fell 7.0 % between the third quarter of 2008 and the second quarter of 2009, before returning to an upward path that has left the price index in the final quarter of 2010 some 0.5 % above its pre-crisis level.

After a 3.5 % rise recorded in the first quarter of 2008 the EU-27's price index for cargo handling was stable: by the end of 2010 the index was 1.2 % higher than at the beginning of 2008.

Figure 16: Services price index, transport and storage activities, EU-27 (2006=100)



Source: Eurostat (online data codes: [sts_setu_q](#), [sts_sepp_q](#), [sts_selb_q](#))

METHODOLOGICAL NOTES

Legal basis

The main source is Eurostat's **short-term business statistics (STS)**. The legal basis for STS is [Council Regulation No 1165/98](#) of 19 May 1998 ⁽¹⁾ concerning short-term statistics and [Regulation \(EC\) No 1158/2005](#) of the European Parliament and of the Council of 6 July 2005 ⁽²⁾ amending Council Regulation (EC) No 1165/98. Eurostat calculates working day adjusted European indices and makes a seasonal adjustment of European time series (and for those countries that do not supply seasonally adjusted data). Many of the data series include estimates.

The legal basis for the collection of data on **structural business statistics (SBS)** is recast [Regulation \(EC\) No 295/2008](#) of the European Parliament and of the Council of 11 March 2008 ⁽³⁾, which was amended and implemented by [Commission Regulation \(EC\) No 251/2009](#) ⁽⁴⁾. SBS provide information on the level of activity – for example, presenting indicators in monetary terms, or as counts of persons employed. Many data points for the EU-27 are estimates.

Geographical aggregates

The main geographical entities published for STS include the EU-27 and the euro area – based on aggregates composed of 27 and 17 countries; SBS are published for the EU-27 aggregate.

Definitions

The aim of the **turnover index** is to show the development of the market for goods and services. Turnover, or sales, comprises the totals invoiced by the observation unit during the reference period, and this corresponds to market sales of goods or services supplied to third parties.

The **services producer price index (SPPI)** measures output prices of services offered to all customers, whether households or enterprises.

The index of **employment** is based on the **number of persons employed**, defined as the total number of persons who work in the observation unit (inclusive of working proprietors, partners working regularly in the unit and unpaid family workers).

Value added represents the difference between the value of what is produced and the intermediate consumption entering production; it can be calculated from the gross operating surplus by adding personnel costs.

⁽¹⁾ Official Journal No L 162, of 5 June 1998.

⁽²⁾ Official Journal No L 191, of 22 July 2005.

⁽³⁾ Official Journal No L 97, of 9 April 2008.

⁽⁴⁾ Official Journal No L 86, of 31 March 2009.

Activity classification (NACE)

The data in this publication are presented using NACE Rev. 2. For the purposes of this publication a number of aggregates have been compiled – these are defined as follows.

Non-financial business economy: NACE Sections B to N (excluding K) and Division 95.

Manufacturing: Section C;

Other industry and construction: Sections B, D, E and F;

Services: the services covered by the STS Regulation – Sections G to J, M and N excluding Groups and Divisions 70.1, 72, 75, 77, 81.1 and 81.3 – these are split between business services and other services;

Business services:

Postal and courier activities – Division 53;
Telecommunications – Division 61;
Legal, accounting and management consultancy activities – Division 69 and Group 70.2;
Architectural and engineering activities; technical testing and analysis – Division 71;
Advertising and market research – Division 73;
Employment activities – Division 78;
Security and investigation activities – Division 80;
Cleaning activities – Group 81.2.

[**Note:** within the context of structural business statistics, business services are defined as NACE Rev. 2 Divisions 62, 69, 71, 73 and 78 and Groups 58.2, 63.1, and 70.2.]

Other services: services that are not in the business services aggregate – Divisions 49, 50, 51 and 52, Section I and Divisions 58, 59, 60, 62, 63, 74, 79 and 82.

Other activities: activities within the non-financial business economy not covered by manufacturing, other industry and construction, business services or other services – Section L, Group 70.1, Divisions 72, 75 and 77, Groups 81.1 and 81.3 and Division 95.

Abbreviations and symbols

EA euro area
EA-17 euro area of 17 Member States
EU European Union
EU-27 European Union of 27 Member States
: not available

Further information

Short-term business statistics – Eurostat website.
Theme: Industry, Trade and Services =>
Short-term business statistics.

Structural business statistics – Eurostat website.
Theme: Industry, Trade and Services =>
Structural business statistics.

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Further information

Eurostat Website: <http://ec.europa.eu/eurostat>

Data on short-term business statistics

http://epp.eurostat.ec.europa.eu/portal/page/portal/short_term_business_statistics/data/database

Further information about short-term business statistics

http://epp.eurostat.ec.europa.eu/portal/page/portal/short_term_business_statistics/introduction

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