

# Impact of the economic crisis on key sectors of the EU – the case of the manufacturing and construction industries

## October 2009 update

### 1. SUMMARY

Recent stabilisation of manufacturing output and an increase of confidence generally point to an improving outlook for the EU industry. However, the situation continues to vary considerably between sectors and Member States and a number of factors still call for caution. These include a continuing decline of output in construction, the fact that both output levels and confidence indicators are still at low levels in absolute terms and the likelihood of a further deterioration in labour markets reflecting the typically delayed reaction of employment to output reductions and the phasing out of short-time working schemes. Looking to the future, there is a risk that restricted availability of finance on favourable terms to firms could slow down an economic recovery. SMEs in particular appear to suffer from difficult access to short term finance, including export credits and trade finance that have declined considerably.

### 2. RECENT DEVELOPMENTS

#### 2.1. Aggregate developments

While manufacturing production stopped falling in the last four months (see chart 1), the latest available data for August 2009 still show that EU manufacturing **output** was 14.5% and construction output was 11.1% lower than a year ago. This means that output performance is around 20% below its peak in February 2008 and has fallen back to levels last seen in 1998. This suggests that the current output decline has been much more than a correction of an excess built up as a consequence of the bubble economy of the middle years of this decade.

The drop in output has led to a fall of EU27 manufacturing **capacity utilisation** to a record low level of 71.4% in QIV/2009 against a long-term average (1990-2008) of 81.3%. Capacity utilisation is at very depressed levels across industrial branches (consumer goods, investment goods, intermediate goods) with only a few sectors such as motor vehicles, wood and wood products, and textiles registering marginal improvements in comparison with historical lows in the second quarter.<sup>1</sup>

Recent **confidence surveys** (see chart 2 and chart 10) show that inventory levels have now recovered to their long run average and that a solid recovery has occurred in production expectations. The improvement in the Economic Sentiment Indicator in October is the seventh consecutive increase since the trough of March 2009. The industry sentiment indicator was the largest contributor to the overall improvement, mainly triggered by improved production and export expectations. Also construction, consumer, retail and other services confidence indicators have improved somewhat since the summer. Nevertheless, all of these indicators are still at levels just above the lowest point of confidence in the industrial recession of 2001/2.

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<sup>1</sup> Source: ESI 29/10/2009 by DG Ecfm.

Recent data on **order books** also confirm some recovery from the low levels. Non-domestic orders have been moving higher in recent months and have risen by around 8% since February 2009, whilst domestic orders started rising only in July. Aggregate order books still remain some 30% below their peak level in the last quarter of 2007, with textiles, computer, electronics and optical products, other transport equipment, basic metals, and motor vehicles sector being the most severely affected. Only the motor vehicles sector has seen a substantial improvement in orders since January with an increase in new orders by over 27%.

**EU exports** to non-EU countries were some 20% down in volume terms in August 2009 compared to the peak first quarter of 2008, whilst **intra-EU trade** was over 18% lower in July 2009 in comparison to the same period. EU exports to the rest of the world seem to have fallen broadly in line with world trade and world industrial production, so far suggesting there have been only limited effects from protectionism or exchange rate developments.

The latest available **employment** data for the economy as a whole show that EU labour markets continue to deteriorate in reaction to the economic downturn, although the pace of deterioration could be slowing. The overall employment fell by 0.6% (1.4 million) in the second quarter of 2009. The unemployment rate in EU27 in August was 2.1 percentage points above its level in August 2008 and now stands at 9.1%, corresponding to 21.9 million unemployed.<sup>2</sup>

Finally, **jobs in manufacturing** were 6.6% lower in the second quarter compared to a year ago, after being 5.1% lower in the first quarter. Preliminary Eurostat data on overall hours however show them 9.7% down on a year ago, reflecting the extensive use of short term working. Chart 8 in the annex reveals the use of short-term working in the vast majority of industrial sectors, in particular in basic metals and motor vehicles, where average hours per worker have declined by some 7% and 6% respectively over the last year to the second quarter of 2009. In some other industries, such as manufacture of wearing apparel, textiles, leather, and beverages, the level of employment has taken the main brunt of adjustment. Many of these industries have been in restructuring over a number of years and the economic downturn appears to have accelerated this.

## 2.2. Country specific developments

The August figures (see table 1) show that industrial production compared with a year earlier continued to remain dramatically depressed in all Member States for which data are available. Activity has fallen by the largest percentages in Estonia (-27.9%), Luxembourg (-27.4%), Finland (-21.4%), and Sweden (-19.2%), and by the smallest in Poland (-2.5%), Romania (-4.4%), the Netherlands (-6.4%) and Portugal (-6.6%).

However seasonally adjusted data for August showed a fourth consecutive month-on-month rise in industrial production in the EU27. There was evidence of some rebound of activity in euro zone industrial production, in particular, in Italy (+7%), France (+1.9%), Germany (+1.5%), and the Netherlands (+1.9%) (see table 1 in the annex for more details).<sup>3</sup> On the other hand, output is still declining in Sweden and Bulgaria. In some other countries output levels are registering fluctuations.

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<sup>2</sup> As a result, the progress over the three years from mid-2005 to mid-2008 in bringing the unemployment rate down from 9% to 6.7% has been reversed in just 15 months.

<sup>3</sup> However, as noted by the ECB (August Monthly Bulletin) monthly changes in Eurostat industrial production data for the EU/eurozone have recently somewhat diverged from the aggregation of the national data.

There are also significant differences in the increase of unemployment rates among the Member States (see chart 3). Unemployment rates in the Baltic States and in Spain<sup>4</sup> and Ireland have risen by between six and twelve percentage points. In contrast, in six countries the unemployment rate rose by less than one percentage point, notably in Belgium, Germany, Italy, Romania, the Netherlands, and Austria.

### **2.3. Recent developments in selected sectors**

The latest data for developments in manufacturing sectors in the last 3 months to August 2009 show that production in several sectors has begun to stabilise or even recover somewhat (see chart 4, and tables 2 and 3), in particular in wood and wood products, chemicals, and basic metals industries. On the other hand, output in electrical equipment, machinery and equipment, and computers has continued to fall over the last five months. It seems that those sectors producing capital goods might still have not reached the bottom.

The outlook in some subsectors might be less favourable than the business expectations at the aggregate might indicate. For example, the boost to the motor car industry from temporary scrapping schemes already appears to be declining and motor car industry production fell in July, affecting its entire supply chain. Export volumes for motor cars have also remained depressed. A further example is shipbuilding that has suffered from a massive decline of new orders of more than 90%; although current output decline is still limited due to the multi-annual nature of shipbuilding orders, future prospects for output could deteriorate swiftly.

As chart 4 shows, despite the recent recovery, excepting pharmaceuticals and food production, all sectors still have output levels substantially (i.e. 10 percent or more) below those experienced before the onset of the crisis.

#### **2.3.1. Automotive**

Total vehicle production in August 2009 was 22.3% lower than a year earlier, as a result of adjustment to the contraction in both domestic and foreign markets. There have been now 16 successive months of decline in the production in year on year terms.

Regarding the passenger cars sales, the figure for the first three quarters of 2009 shows a 6.6% decrease on a year earlier. The contraction is however now slightly less pronounced than in the first months of 2009 due to rising orders for small cars that benefit from scrapping schemes. Overall these schemes have resulted in a stabilisation of demand, with about 2 million “extra” vehicles to be sold during 2009<sup>5</sup>. In fact, the three last months displayed a small increase in sales, notably a 6.3% rise in September compared to the year earlier. However, the situation varies significantly between the MS.

Industry data for light and heavy duty commercial vehicles indicate that they have been affected much more severely than passenger cars, with commercial vehicle (trucks and buses) sales 35.6 % lower in the first three quarters of 2009 over the previous year<sup>6</sup>. Combined commercial vehicle demand is expected to drop by about 40% for the whole 2009<sup>7</sup> with a slight recovery is expected only in 2010.

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<sup>4</sup> In August, the unemployment rate in Spain was 18.9%, which is the highest in the EU27.

<sup>5</sup> Global Insight for ACEA [http://www.acea.be/index.php/news/news\\_detail/global\\_insight\\_the\\_crisis\\_is\\_devastating/](http://www.acea.be/index.php/news/news_detail/global_insight_the_crisis_is_devastating/)

<sup>6</sup> Ibid.

<sup>7</sup> Source: ACEA

Industry forecasts<sup>8</sup> project a fall of 20% in vehicle production in 2009 before staging a sluggish recovery in 2010 and 2011. The production levels will be inevitably affected by the pay-back effect of the scrapping schemes in 2010. Full recovery to the very high pre-crisis levels is not expected before 2014. Additional pressure comes from the need to restructure as already before the crisis the over-capacity in the sector was estimated at 20%.

The automotive suppliers currently face a two-fold problem of reduced new orders and tight lending conditions. The suppliers are increasingly suffering from lack of liquidity and it is now estimated that in the next months 30 to 60% of suppliers are at risk of insolvency and consequently some 1.5 million jobs are at risk. The supply chain had already implemented some 40% cuts in production at the beginning of 2009 alongside the cost-saving exercises, flexibility schemes for its workforce and redundancies. Furthermore, the restructuring along the value chain already takes place with market exits and new ownership/alliances. These are necessary adjustments in order to face structural problems pre-dating the crisis and currently exacerbated by the lack of access to credit and even more severe payment conditions imposed by vehicle manufacturers. There is, however, a danger that this restructuring will accelerate in the coming months to the detriment of the industrial tissue and in a manner that will be difficult to tackle in a socially responsible manner (also given the enormous cluster nature of this industry).

### **2.3.2. *Food and Beverages***

The food industry is typically much less affected by cyclical factors. This is confirmed by the data on the industry's output that was almost at the same level in August 2009 as a year before. Also in the previous months there was no significant decline in food production. However, at times of rising uncertainty and falling consumer confidence customers typically become more price sensitive and shift demand more towards hard discounters as compared to the rest of supermarket chains. As a consequence, the big retailers, high quality producers and the restaurants may face losses of demand. That said, as regards food retailing, there is no evidence as yet of any generalised crisis.

### **2.3.3. *Mechanical and Electrical Engineering***

The situation in the mechanical and electrical engineering sectors continued to worsen over June and July with further decreases in production levels from one month to the next. The situation seems to have improved slightly in August for these two sectors with an increase of 0.6% in production of machinery and equipment and a lower decrease in production of electrical equipment of -0.7% from the previous month. Nevertheless the situation in both sectors is still rather dismal when compared to the same period last year as production of machinery and equipment and electrical equipment, respectively, was 30.7% and 24.5% lower.

However, there seem to be some indications that the worst part of the crisis might be reaching its end. Orders of mechanical equipment have increased by 3.8% whilst those for electrical equipment have increased significantly by 16% from June to July. Also, as the negative trend in exports for these two sectors seems to be easing there might be reasons to be slightly more optimistic for the final quarter of 2009.

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<sup>8</sup> Global Insight for ACEA

#### **2.3.4. Chemicals industry**

The business climate of the EU chemicals industry has been improving since March 2009 and the upward trend in production continues: after 12 months of downturn production went up by 3.5% in Q2-2009 compared to Q1-2009 due to the fact that the destocking phase has been largely completed. Chemicals sales are also starting to recover very slowly. From January to July 2009, European chemicals sales (excluding pharmaceuticals) were 23.1% down compared to the same period of 2008 but showed a substantial increase since March 2009 after the minimum reached in December 2008. Prices started to decline in October 2008, took an upward turn in March 2009 and are now stabilizing. The situation remains tense: for certain analysts, the completion of the destocking phase will increase price competition.

The situation differs between countries and subsectors with output decline ranging from 3.1% to 20%. Some subsectors are particularly badly affected by the crisis. Latest figures from CEFIC show that, on a year-on-year comparison (July 09 on July 08), there is a 20% decrease for basic inorganics, 15.9% for polymers and 13.8% for petrochemicals. At the opposite end, speciality chemicals are down only 3.1%. VCI (the German Chemical Industry Association) estimates that in 2009 the whole chemical output will score a -10% compared to 2008, and sales a -12%. In 2010 a gradual revival of the European chemicals industry is expected with a yearly 5.1% growth rate.

Difficulties to access credit are still a major concern for chemicals companies which cannot abandon their investment plans and innovation projects if they want to remain competitive in the long run.

#### **2.3.5. Pharmaceuticals and Biotechnology**

Companies in the pharmaceuticals sector continue to be less directly affected by the economic crisis than most other industries since demand for health care is relatively independent of the economic cycle. However, the industry can expect significant and growing pressures from major purchasers, governments and social security bodies.

Due to its R&D intensity, long investment periods, and the risks associated to such investments, smaller speciality pharmaceutical and biotechnology companies in this sector have already had difficulties in obtaining access to affordable equity finance. This is a trend which is likely to strengthen given the current dysfunction in financial markets. Even if this is less of a problem for the 20 top pharmaceutical companies, some of the largest companies in the sector including GlaxoSmithKline and AstraZeneca have recently announced further job cuts of 6000 worldwide (EU figures not available).

In the case of the biotech sector the adverse effect of the crisis also manifests itself with limited access to capital. This situation is in particular difficult for emerging biotech companies the vast majority of which still have negative net cash flow. Access to venture capital is vital, especially for start-ups. Nevertheless some large life-sciences and pharmaceutical companies are still well positioned with revenues, cash, low-debt and readiness for partnering, licensing and M&A.<sup>9</sup>

#### **2.3.6. Textile and Clothing**

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<sup>9</sup> EuropaBio, SME Platform Access to Finance: A Call for Action, 27 May 2009

Over the period of three months ending in August 2009 (latest data available), textile production continued to fall, but at a slower pace than in the first half of 2009. Production is still 19% lower when compared to the same period of the previous year and is 26 % behind the peak level of the first quarter of 2008. Production of wearing apparel shows the first signs of stabilisation and recovery. The trade deficit for textile and clothing products showed an increase of €2 billion (+10%) in the first seven months of 2009, mainly due to a reduction in exports to major trade partners and in particular to the USA, Russia and Turkey (drops above 20%).

The slow pick up of the economic activity in the European Union makes it difficult to anticipate when the turning point in the business cycle will be reached for textile production. The new orders for textile products and for wearing apparel in the summer of 2009 were still lagging well behind the levels of one year before. In addition, there are persisting difficulties in the access to credit and credit insurance. At the same time, industry reports that clients are increasing payments delays. This may lead to continued reduction of production capacity utilisation and further closures.

### **2.3.7. Steel**

In the first eight months of 2009, the production of crude steel in the EU-27 as reported by World Steel Association, fell by 41.0% compared to the same period of previous year, while a contraction in world steel output reached -18.1%. The crisis impacted fiercely on all the largest steel producing countries of the EU. Other major non-EU steel producing regions that also reported a double-digit decrease in crude steel production were the C.I.S. (-29.3%), North America (-46.5%) and South America (-32.4%). The decline was much less significant in Asia (-4.1%) while the production of China even increased (+ 5.2%).

During the first six months of 2009 the volume of EU steel exports to third countries has fallen by 19% in comparison to the same period of previous year, whilst imports from third countries to the EU have fallen by 46%. This abrupt decline in EU imports is caused by the fall in demand in the EU and the currently low price of steel that reduced the attractiveness of the EU market for the third country suppliers. Many European companies have reduced the number of days of production, or mothballed capacity. Significant reductions in production and employment have been announced by all major steel groups. EUROFER estimates that up to 30 June 2009 around 40% of the overall EU steel industry employment has been impacted by the crisis, which includes announced redundancies (32.737 people), temporary lay-offs and short-time work (141.171).

Nevertheless, signs of recovery in global demand are apparent from the beginning of the second half of 2009 and steel prices in Europe and USA recently increased. Consequently, a number of European steel producers announced the restart of mothballed blast furnaces.

### **2.3.8. Shipbuilding**

The shipbuilding industry is facing its deepest slump since the early 1990s, in the absence of practically any new order since the last quarter of 2008 and there are no signs of trend reversal. For the first half of 2009, new orders accounted for 3.5 mln CGT<sup>10</sup> worldwide, as compared to 27.6 mln CGT for the first half of 2008. In Europe, new orders amounted to 155 000 CGT for the first half of 2009 (i.e. 31 ships). While the drop in new orders is indeed

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<sup>10</sup> Compensated Gross Tonnes

global, the market share of CESA<sup>11</sup> shipyards continues to decrease in this depressed market, falling from 6.4% of total CGT to 4.9% in 2008 and 4.4% in the first half of 2009. The market share of new orders for EU shipyards appears even more under threat, falling from 4.0% in 2008 to 2.8% in the first half of 2009.

The problems facing the shipbuilding sector are also compounded by the massive global overcapacity existing as a result of additional capacity build up in Asia during the last 10 years. As overcapacity mainly concerns mass cargo vessels, which are primarily made in Asia, one can expect increasing pressure on Asian yards to enter the niche markets occupied by European yards by offering ships at prices that seem not even to cover material costs<sup>12</sup>. European capacity is mostly filled for 2010 thanks to the pre-existing orderbook, however there is a strong probability of order cancellations due to the current lack of external finance. Theoretical expected delivery (based on existing orders) figures for European shipyards thus indicate that, based on the last 3 years' average output, delivery figures would remain stable in 2010 (106% of past average), but dramatically plummet the following years (56% in 2011 and 23% in 2012)<sup>13</sup>. Due to the current drought of new orders, exacerbated by the increased difficulty to get access to external finance on which they are highly dependant, there is an ever-growing risk of shipyard closures.<sup>14</sup> Already now, due to their position in the production chain, project and design departments in Europe are running out of work, introducing short-time work and starting to downsize. As such, there is a strong risk that the first shipbuilding segments to be hit will be the ones contributing the most to Europe's competitive advantage.

### **2.3.9. Aeronautics**

The economic downturn and especially the weakness of the financial market have reached the aviation sector and as a consequence the aeronautics sector. Global scheduled air traffic continued to decline, but at a much slower pace. The number of passenger kilometres flown on international markets was -1.1% lower in August year-on-year (Europe: -2.8%<sup>15</sup>). Worldwide, airlines reported losses of \$6 billion in the first half of 2009. The International Air Transport Association forecasts that airlines will register another global loss of \$9 billion in 2009 (after a global loss of \$10.4 billion in 2008), but estimates that a bottom has been hit. Beginnings of an economic upturn, particularly in Asia, become visible. The downward trend continues to have an impact on orders and deliveries figures of the large aircraft manufacturers.

New aircraft orders, which amounted to 777 for Airbus in the whole year 2008, are reported to have declined to only 123 over the first nine months (149 orders and 26 cancellations)<sup>16</sup>. This indicates that the planned 300 new orders for 2009 will most probably be very difficult to attain. The U.S. aircraft manufacturer Boeing has even been hit harder, because it reportedly registered 181 orders and 111 cancellations (70 net orders)<sup>17</sup>. However, both large aircraft manufacturers have still order books which secure 5-7 years of work. Therefore, despite the sharp decline in orders, both manufacturers still confirm expected delivery of 483 aircraft (Airbus) and 480-485 aircraft (Boeing) in 2009<sup>18</sup>, which would even be an increase

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<sup>11</sup> Community of European Shipyards Associations (all EU members + Norway and Croatia)

<sup>12</sup> Information provided by CESA on 13 July 2009

<sup>13</sup> CESA "Shipbuilding Market Monitoring Report" – October 2009

<sup>14</sup> As a recent example, the last remaining Danish shipyard, Odense Steel Shipyard, announced on 10 October that it would close down its shipbuilding activities once its existing orderbook was completed.

<sup>15</sup> IATA, Air Transport Market Analysis, August 2009 ([www.iata.org/economics](http://www.iata.org/economics))

<sup>16</sup> FTD, 13.10.2009, Toulouse, wir haben ein Problem

<sup>17</sup> <http://active.boeing.com/commercial/orders/index.cfm>

<sup>18</sup> Aviation Week & Space Technology, 6 July 2009, Flying blind

compared to 2008. Given that Airbus delivered 358 aircraft in the first nine months of the year, and Boeing 359<sup>19</sup> this objective could be achievable. Reduction of orders can be observed for all aeronautics market segments (helicopters, business jets, general aviation etc.). With view to the financial situation of airlines and continued pressure on yields, it is expected that airlines will rather aim at stabilising capacities and postpone delivery of ordered aircraft. If deliveries therefore continue to decline, aircraft output could be reduced in 2010. A decision will only be taken after the winter season when airlines hope that the trend has further stabilised.

### **2.3.10. Tourism**

Even if the recent economic downturn showed its impact on the tourism industry at a slower pace than on other industry branches, it is now clear that the crisis did have an impact on tourism as well. Within the tourism sector, the accommodation sector appears to be relatively more affected by the economic slowdown. In the 2008/2009 winter season, the number of nights spent in hotels and similar establishments in the EU dropped by 7.2 % compared to the same period in 2007/2008. A negative growth was observed in all 27 Member States, however of different scale.

With regard to the first half of 2009, the Eurostat data available are already more encouraging, showing that Europeans are still going on holidays, even if they tend to spend their holidays more in their own countries, in comparison to the past. These findings are in line with the most recent UNWTO survey, which indicates that Europe registered an encouraging improvement in data on international tourist arrivals for the peak month of July, which showed a less negative growth (-4%) compared to May, for example, when a negative growth was recorded in double digit (-11%).<sup>20</sup>

### **2.3.11. Construction**

The most recent data<sup>21</sup> show that construction output continues to decline, although the pace of deterioration is slowing. Construction output in the EU27 fell by 1.6% in the second quarter of 2009 compared with the previous quarter. The activity in building construction declined by -2.5%, mainly due to tighter credit conditions and a decrease in private investments, while the production value of civil engineering increased by 1.9% in the second quarter of 2009 compared to the previous quarter. The latest preliminary month-on-month data indicates that output in civil engineering rose again in August by 3.0% compared with the previous month (5.2% compared with a year earlier), showing limited evidence of the impact of fiscal policy actions. However employment decreased by 1.7% in the construction industry over the 2<sup>nd</sup> quarter.

Many EU countries, including EU-12, are still concerned by the worsening of the economic situation. Among the countries for which data are available for the second quarter of 2009, construction output compared to the previous quarter rose only in Greece (+13.8%), Slovakia (+4.9%), Hungary (+4.5%), the Czech Republic (+3%), Germany (+2.4%), Poland (+1.7%) and Austria (+1.3%). The largest quarterly decreases were registered in Lithuania (-21.7%), Estonia (-10.2%), Romania (-9.4%), Latvia (-9.2%), Slovenia (-7.7%), Denmark (-6.4%) and Spain (-4.7%). There are numerous uncertainties surrounding the forecasts for the near future as the situation in the sector has not stabilised. Although the numerous recovery measures

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<sup>19</sup> <http://boeing.mediaroom.com/index.php?s=43&item=863>

<sup>20</sup> UNWTO Press release of 2<sup>nd</sup> October 2009

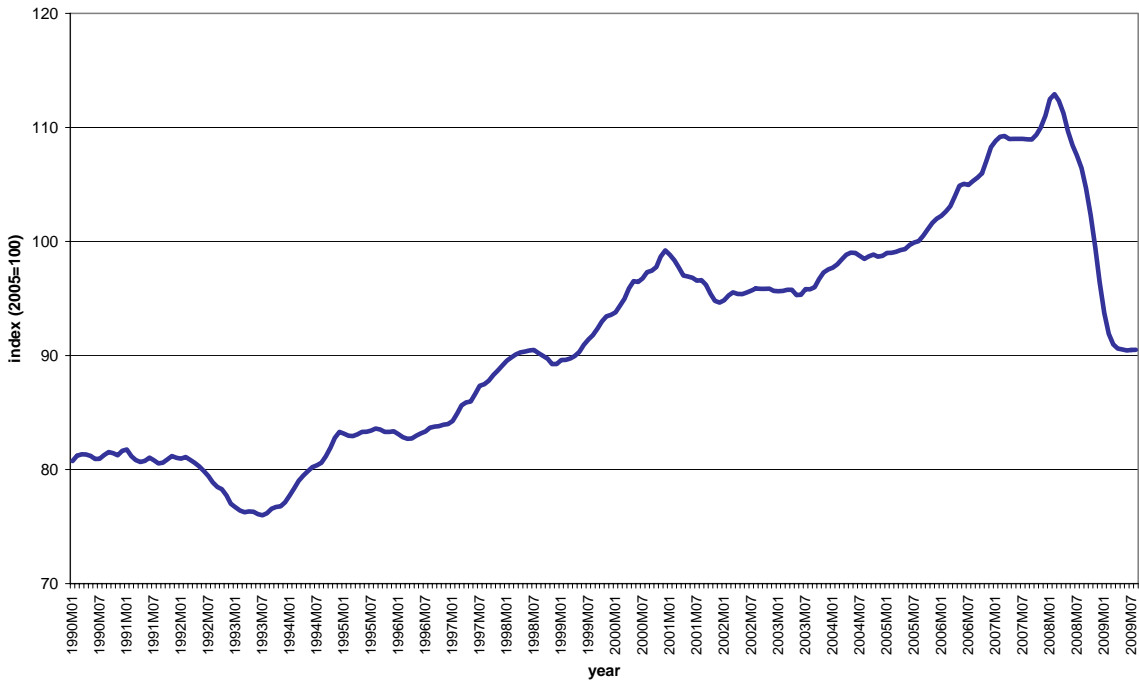
<sup>21</sup> Eurostat press release 20/10/2009.



related to the construction sector seem to have influenced output, it remains difficult to assess the timing of future policy measures and the extent to which the economic slowdown will result in a wider re-structuring of the sector.

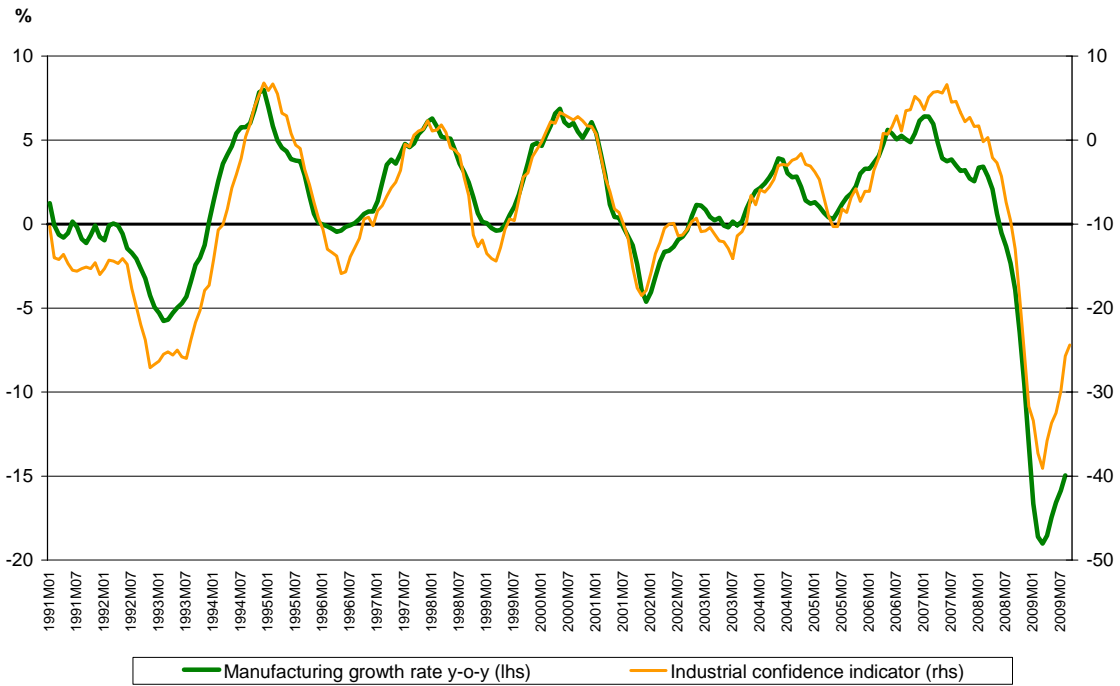
# ANNEX

**Chart 1: EU27 manufacturing production index (2005=100) – trend cycle**



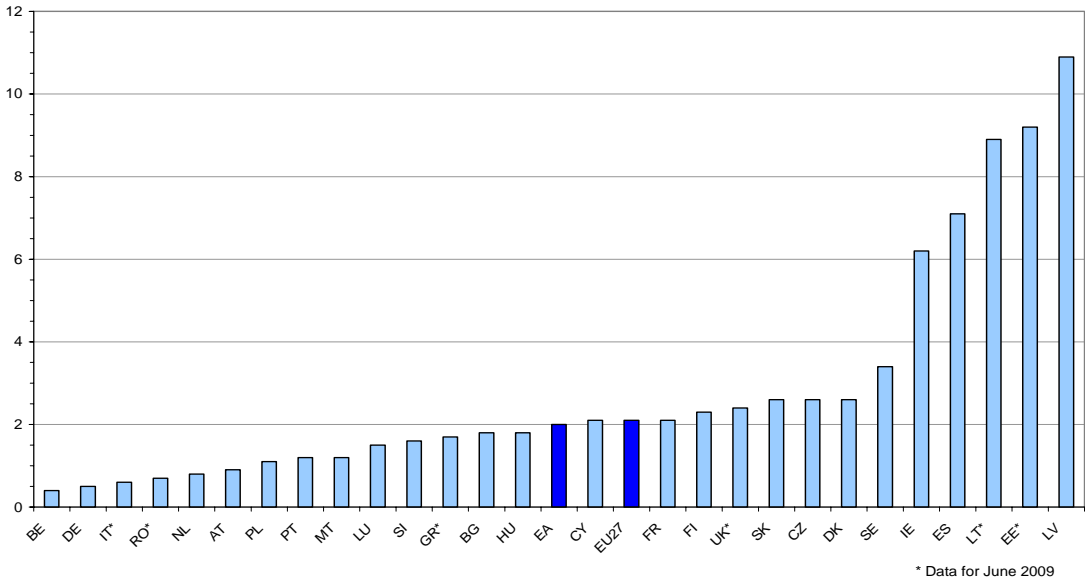
Source: Eurostat

**Chart 2: EU27 manufacturing production growth and industrial confidence**



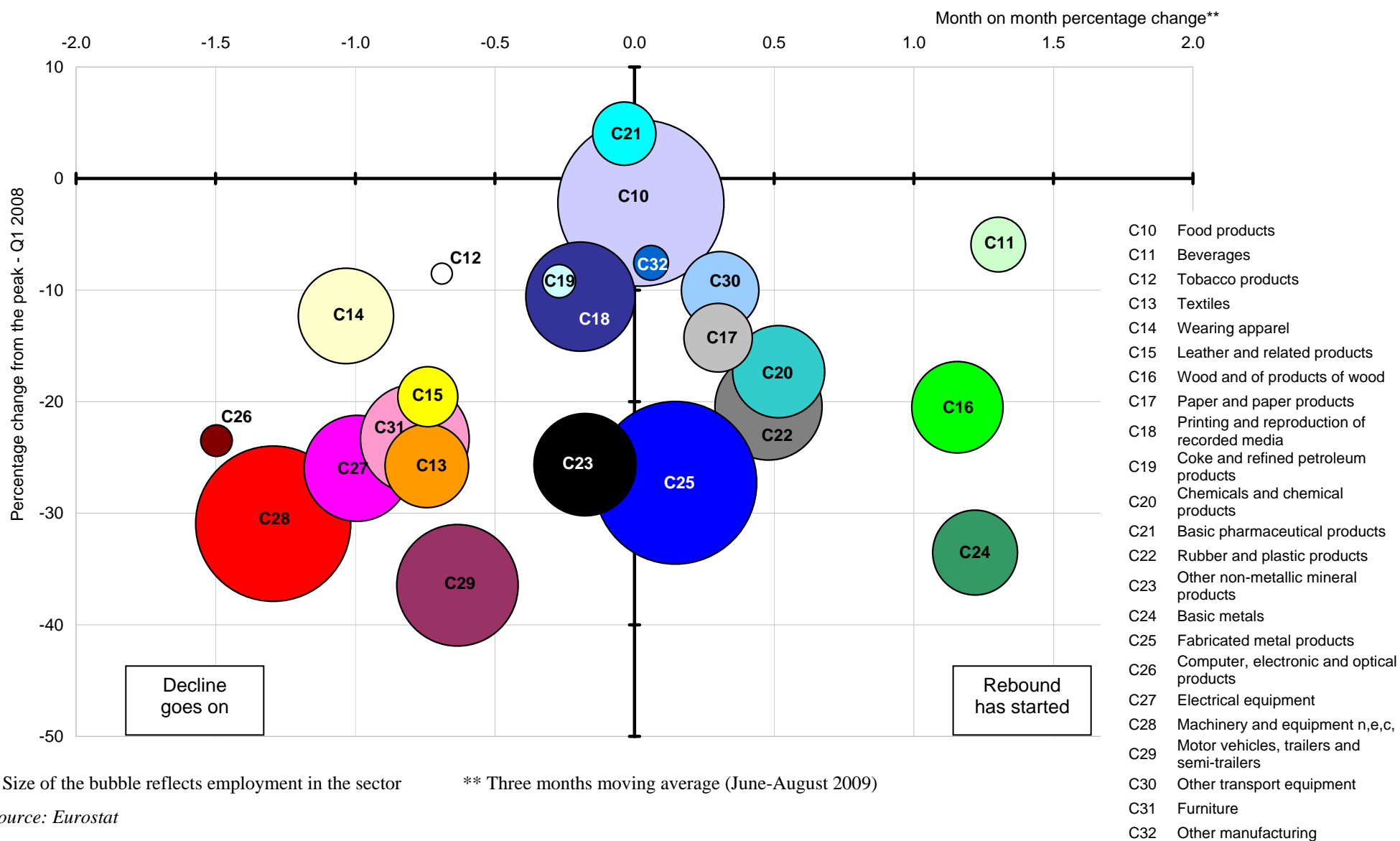
Source: Eurostat

**Chart 3. Changes in unemployment rates in August 2009 compared with a year earlier (seasonally adjusted, in percentage points)**

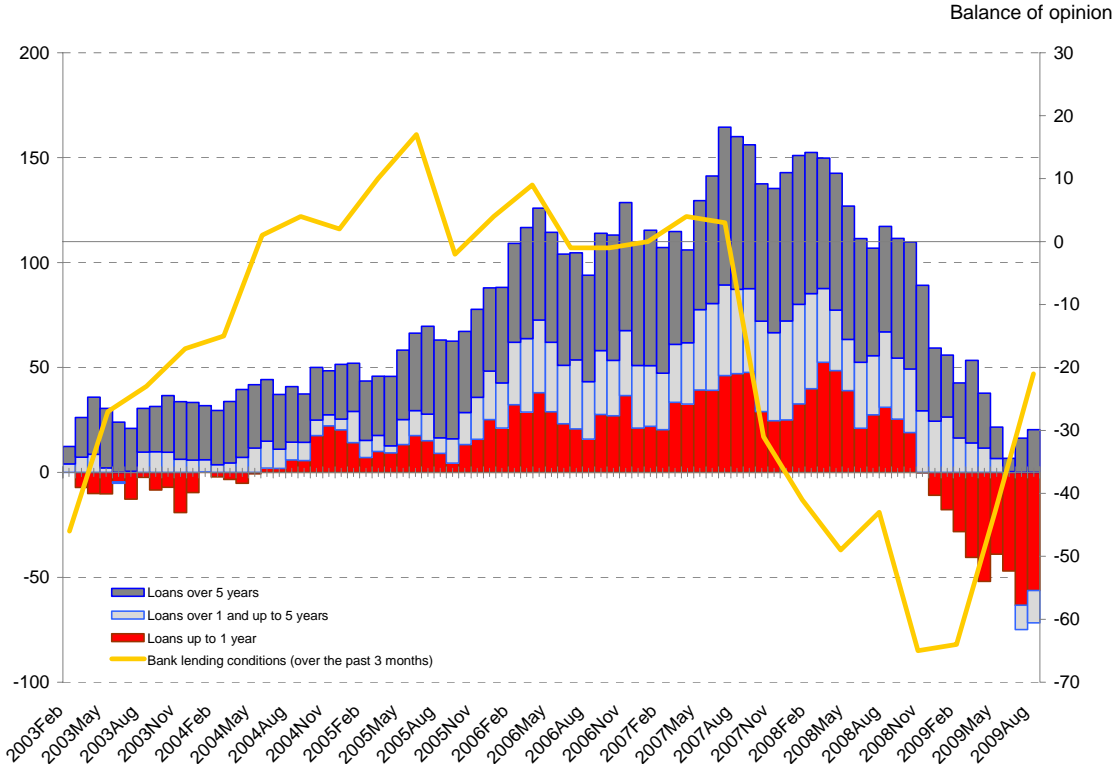


Source: Eurostat

**Chart 4: Sectoral output performance since arrival of the crisis\***

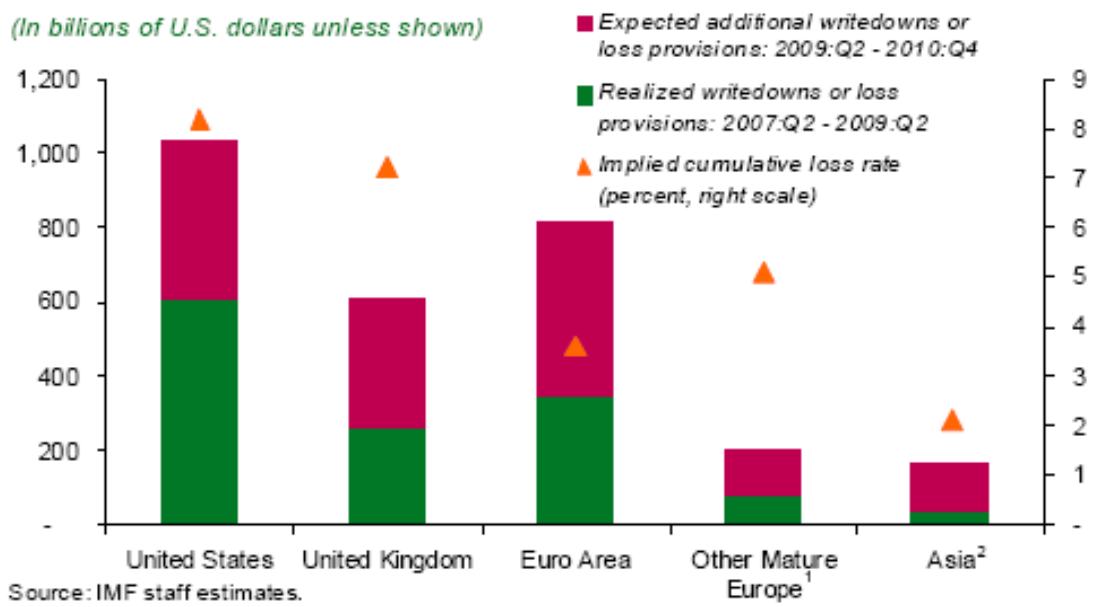


**Chart 5: Loans to non-financial corporations in the euro area (€billion, last three months)**



Source: ECB

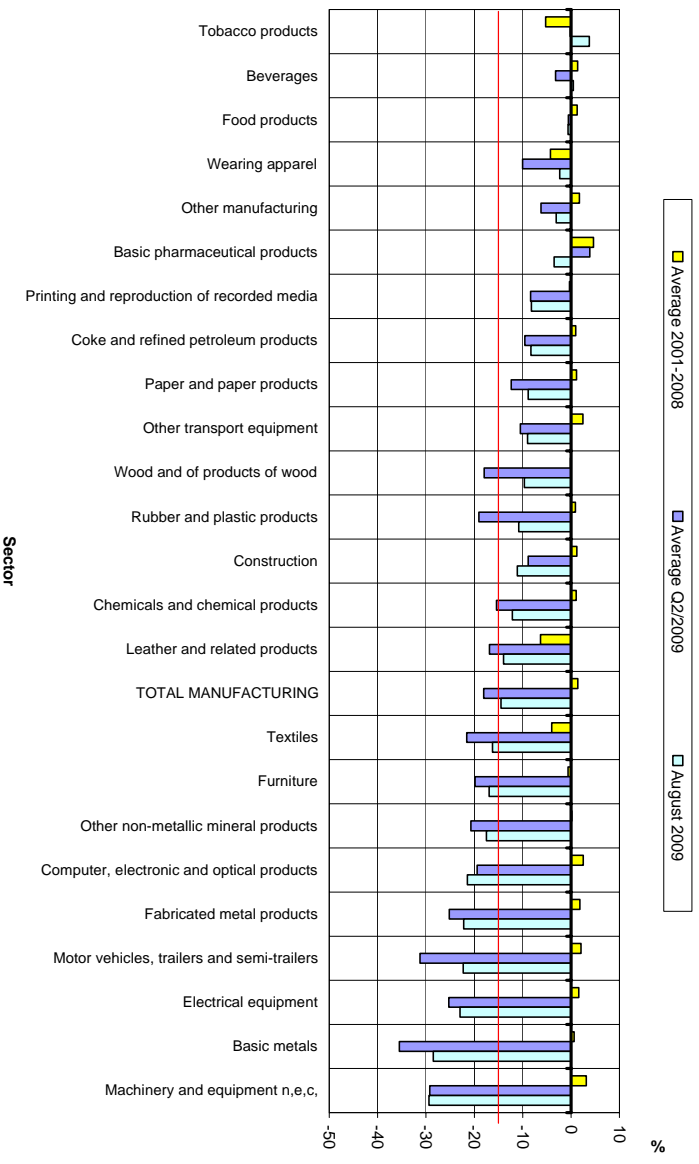
**Chart 6. Realized and expected write-downs or loss provisions for banks by region**



Source: IMF staff estimates.  
<sup>1</sup>Includes Denmark, Iceland, Norway, Sweden, and Switzerland.  
<sup>2</sup>Includes Australia, Hong Kong SAR, Japan, New Zealand, and Singapore.

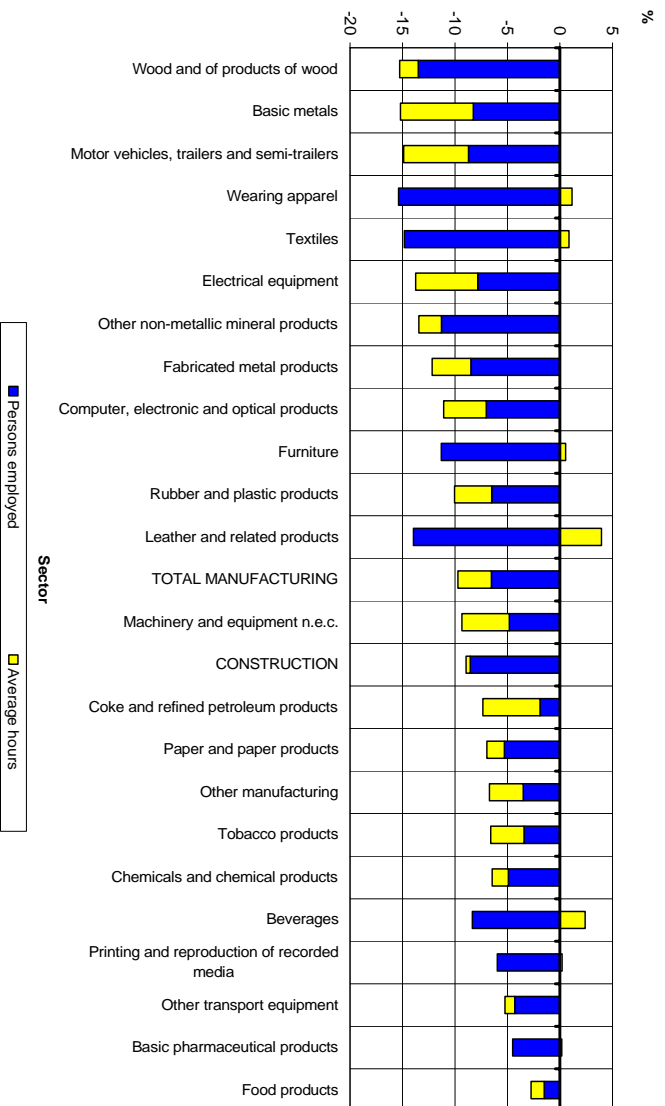
Source: IMF

**Chart 7: EU27 manufacturing and construction growth rate - % change in comparison to the corresponding period of the previous year – working day adjusted data)**



Source: Eurostat

**Chart 8: Breakdown of change in Overall Hours worked into Employment and Average Hours - second quarter of 2009 (% change on year earlier)**

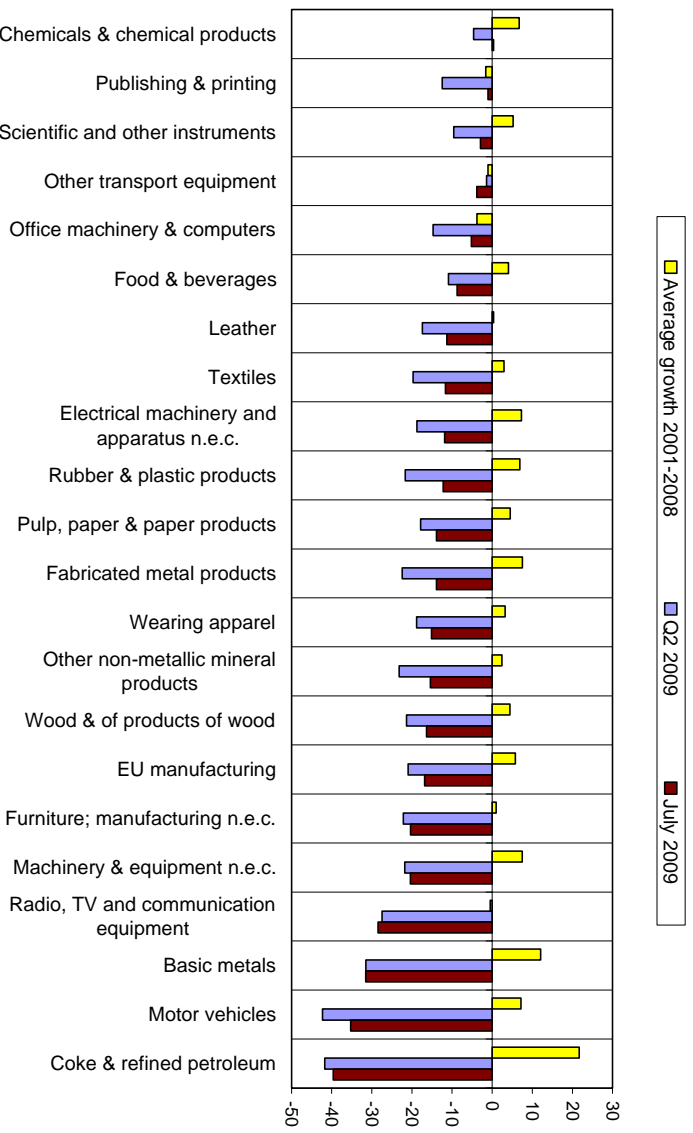


The length of each bar represents the change in overall hours worked, decomposed into the change in employment and the change in average hours per employee.

Source: Preliminary data, Eurostat<sup>22</sup>

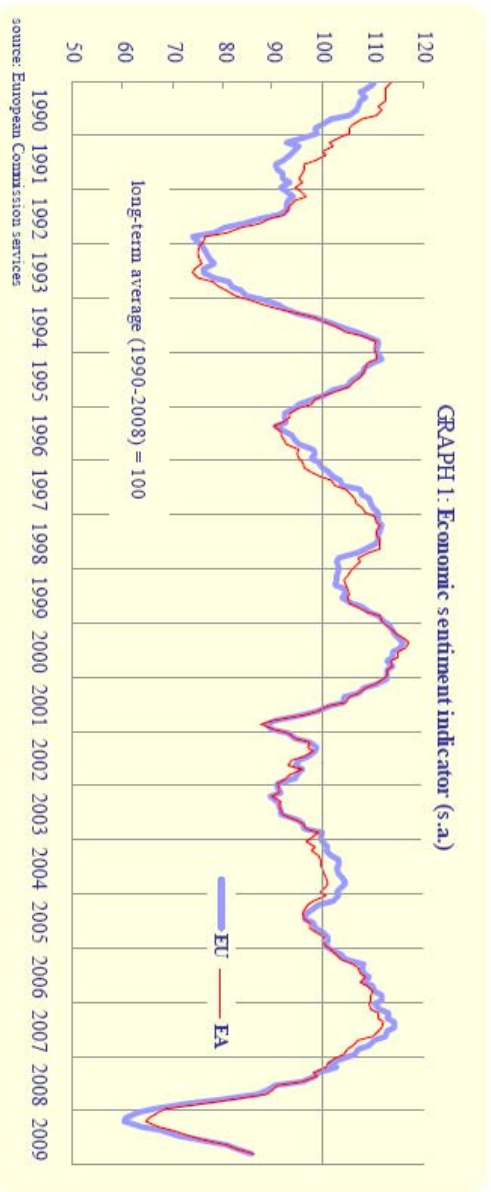
<sup>22</sup> For more information: Sarmite Visocka “Economic downturn in the EU: the impact on employment in the business economy” Eurostat Statistics in Focus 60/2009 (August 2009)

**Chart 9: Extra-EU export value growth**



Source: DG Trade based on Eurostat data

**Chart 10: Economic sentiment indicator**



Source: DG Economic and Financial Affairs

**Table 1: Industrial production per country – monthly variation - % change in comparison with the previous month – seasonally adjusted data**

Total industry	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09
<b>EA16</b>	-0.5	-0.5	1.1	0.9	0.2	<b>0.9</b>
<b>EU27</b>	-0.9	-0.2	0.6	0.3	0.3	<b>0.6</b>
<b>Belgium</b>	0.9	-2.8	-0.5	0.9	0.6	:
<b>Bulgaria</b>	-2.4	-0.2	-1.4	-0.7	-0.6	<b>-0.2</b>
<b>Czech Republic</b>	1.1	0.1	-1.8	3.1	-2.3	<b>4.0</b>
<b>Denmark</b>	-2.4	-0.9	-1.6	-1.4	3.6	<b>-2.8</b>
<b>Germany</b>	0.0	-3.0	5.0	1.1	-1.0	<b>1.5</b>
<b>Estonia</b>	-2.7	-4.4	2.4	-1.0	1.8	<b>-1.1</b>
<b>Ireland</b>	5.1	-3.5	-3.6	7.3	7.9	<b>-16.7</b>
<b>Greece</b>	-2.2	-2.3	1.3	-1.2	1.1	<b>0.7</b>
<b>Spain</b>	-3.0	2.4	-2.7	0.5	-1.0	<b>1.0</b>
<b>France</b>	-1.3	-1.4	2.6	0.5	0.3	<b>1.9</b>
<b>Italy</b>	-4.5	1.5	0.1	-0.2	2.4	<b>7.0</b>
<b>Cyprus</b>	-2.9	-0.8	1.2	0.1	1.0	:
<b>Latvia</b>	2.8	2.5	-1.9	1.7	-1.2	<b>2.6</b>
<b>Lithuania</b>	-7.0	-1.2	7.3	1.5	3.5	<b>-4.2</b>
<b>Luxembourg</b>	-4.9	3.4	0.9	3.4	-6.0	<b>-3.0**</b>
<b>Hungary</b>	4.9	-5.1	2.5	2.0	-0.5	:
<b>Malta</b>	:	:	:	:	:	:
<b>Netherlands</b>	-1.6	-3.4	3.1	1.6	0.5	<b>1.9</b>
<b>Austria</b>	2.2	-2.7	-0.6	1.1	-0.7	:
<b>Poland</b>	2.1	1.0	-0.3	1.3	-0.7	<b>0.5</b>
<b>Portugal</b>	3.4	0.2	-1.2	-0.4	0.8	<b>5.2</b>
<b>Romania</b>	0.7	0.9	0.1	1.1	0.2	<b>-0.3</b>
<b>Slovenia</b>	-0.3	-4.2	2.9	0.4	-0.6	<b>4.9</b>
<b>Slovakia</b>	4.5	-1.2	-2.3	5.9	-0.4	:
<b>Finland</b>	-1.0	-2.9	-2.0	1.0	-3.0	<b>-0.2</b>
<b>Sweden</b>	-2.1	-2.0	-1.8	-1.9	-0.6	<b>-2.6</b>
<b>United Kingdom</b>	-0.3	0.0	-0.4	0.6	0.8	<b>-2.6</b>

: Data not available

\*\* Estimated by Member State

c Confidential

Source: Eurostat



**Table 2: EU27 manufacturing and construction growth rate - % change in comparison to the corresponding period of the previous year – working day adjusted data<sup>23</sup>**

NACE code	Sector name	Average growth 2001-2007	Average growth 2008	Average growth Q1/2009	Average growth Q2/2009	Aug-09
<b>C</b>	<b>TOTAL MANUFACTURING</b>	1.8	-1.8	-19.1	-18.1	-14.5
<b>F</b>	<b>CONSTRUCTION</b>	1.8	-3.0	-11.1	-8.7	-11.1
C10	Food products	1.5	-0.5	-1.8	-0.6	-0.6
C25	Fabricated metal products	2.4	-2.1	-25.6	-25.2	-22.2
C28	Machinery and equipment n.e.c.	3.4	1.4	-22.1	-29.2	-29.4
C29	Motor vehicles, trailers and semi-trailers	3.2	-5.9	-40.6	-31.2	-22.3
C18	Printing and reproduction of recorded media	-0.1	-2.4	-7.2	-8.3	-8.2
C31	Furniture	-0.1	-4.5	-18.6	-19.8	-16.9
C22	Rubber and plastic products	1.7	-4.7	-22.2	-19.0	-10.8
C27	Electrical equipment	1.8	-0.2	-21.6	-25.3	-23.0
C23	Other non-metallic mineral products	1.1	-6.2	-26.0	-20.7	-17.5
C14	Wearing apparel	-4.4	-3.4	-14.2	-10.0	-2.4
C20	Chemicals and chemical products	1.6	-3.2	-20.2	-15.4	-12.1
C16	Wood and of products of wood	1.1	-8.3	-21.8	-18.0	-9.7
C24	Basic metals	1.1	-2.9	-34.1	-35.5	-28.5
C13	Textiles	-3.2	-9.7	-24.4	-21.5	-16.2
C30	Other transport equipment	2.2	4.4	-10.5	-10.5	-9.0
C17	Paper and paper products	1.7	-3.0	-15.0	-12.4	-8.9
C21	Basic pharmaceutical products	5.1	1.8	3.1	3.9	-3.5
C15	Leather and related products	-6.1	-7.7	-17.9	-16.9	-14.0
C11	Beverages	1.8	-1.8	-6.5	-3.2	0.4
C32	Other manufacturing	2.1	-0.6	-6.0	-6.2	-3.1
C19	Coke and refined petroleum products	0.6	3.1	-8.7	-9.6	-8.3
C26	Computer, electronic and optical products	2.6	1.8	-19.8	-19.4	-21.4
C12	Tobacco products	-3.7	-16.1	-3.6	-0.2	3.8

Source: Eurostat

<sup>23</sup> All the tables with sectoral data have been ranked according to their employment importance.

**Table 3: EU27 manufacturing and construction – monthly evolution (seasonally adjusted data)**

NACE code	Sector name	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09
<b>C</b>	<b>TOTAL MANUFACTURING</b>	-2.0	-0.7	-0.7	0.2	-0.4	0.0	0.4
<b>F</b>	<b>CONSTRUCTION</b>	-1.7	0.0	0.5	-1.9	-0.8	-1.1	-0.5
C10	Food products	0.1	0.5	-0.2	-0.7	0.6	0.1	-0.6
C25	Fabricated metal products	-4.7	-1.8	0.3	-0.3	-0.8	-0.1	1.3
C28	Machinery and equipment n.e.c.	-3.8	-2.2	-4.5	-1.9	-2.0	-2.4	0.6
C29	Motor vehicles, trailers and semi-trailers	-4.7	3.5	-1.8	3.2	-0.2	-1.2	-0.6
C18	Printing and reproduction of recorded media	-1.7	-0.9	-0.5	-0.7	-1.1	0.1	0.4
C31	Furniture	-2.0	-1.3	0.0	-2.8	-3.1	-0.7	1.4
C22	Rubber and plastic products	-2.0	-0.6	-0.3	0.5	0.1	0.5	0.9
C27	Electrical equipment	-3.8	-0.7	-3.2	-0.8	-0.6	-1.7	-0.7
C23	Other non-metallic mineral products	-0.2	1.2	-0.7	0.4	0.1	0.3	-0.9
C14	Wearing apparel	-2.0	-6.8	0.5	9.0	-2.6	-3.3	2.8
C20	Chemicals and chemical products	0.4	-0.2	0.1	0.2	1.9	0.7	-1.0
C16	Wood and of products of wood	-0.5	-1.2	0.1	-0.1	1.1	0.5	1.9
C24	Basic metals	-0.6	-5.1	-2.8	3.5	0.5	3.4	-0.2
C13	Textiles	-2.4	-0.8	-0.9	-0.2	-2.4	1.5	-1.3
C30	Other transport equipment	1.1	2.1	-2.4	-0.4	1.5	-2.2	1.6
C17	Paper and paper products	0.3	-1.7	0.7	-0.1	0.1	0.0	0.8
C21	Basic pharmaceutical products	-3.1	3.1	-1.1	0.2	1.5	3.1	-4.7
C15	Leather and related products	-5.6	-3.4	2.1	1.9	-4.2	3.4	-1.5
C11	Beverages	-1.0	1.8	-0.9	-2.2	3.0	1.7	-0.9
C32	Other manufacturing	-0.7	-2.5	0.4	1.3	-2.0	0.3	1.9
C19	Coke and refined petroleum products	-0.5	-2.4	2.4	-0.8	-0.1	1.0	-1.8
C26	Computer, electronic and optical products	0.1	-2.0	-1.2	-0.5	-1.4	-2.2	-1.0
C12	Tobacco products	1.0	-2.2	1.8	-2.7	-2.5	-2.6	3.1

Source: Eurostat

**Table 4: EU27 employment growth rate by manufacturing sector - % change in comparison to the corresponding period of the previous year – gross data**

<b>NACE code</b>	<b>Sector name</b>	<b>Persons employed (00s)</b>	<b>Average growth 2001-2007</b>	<b>Average growth 2008</b>	<b>Average growth Q1/2009</b>	<b>Average growth Q2/2009</b>	<b>Jun-09</b>
<b>C</b>	<b>TOTAL MANUFACTURING</b>	344128	-1.1	-0.1	-5.1	-6.6	-7.0
<b>F</b>	<b>CONSTRUCTION</b>	140932	1.8	-0.9	-7.2	-8.5	-8.5
C10	Food products	41849	-0.4	0.5	-1.9	-1.5	-1.4
C25	Fabricated metal products	40000	0.7	2.5	-4.2	-8.5	-9.2
C28	Machinery and equipment n.e.c.	36495	-0.5	2.5	-1.6	-4.8	-5.5
C29	Motor vehicles, trailers and semi-trailers	22348	0.0	1.2	-6.4	-8.7	-9.3
C18	Printing and reproduction of recorded media	18200	-1.7	-2.9	-4.0	-6.0	-6.3
C31	Furniture	18000		-2.0	-8.6	-11.3	-11.6
C22	Rubber and plastic products	17495	0.2	1.1	-5.6	-6.5	-6.9
C27	Electrical equipment	17100	-0.9	1.6	-4.6	-7.8	-8.5
C23	Other non-metallic mineral products	15865	-1.4	-2.0	-8.3	-11.3	-11.6
C14	Wearing apparel	13900	-5.4	-6.3	-12.2	-15.4	-15.4
C20	Chemicals and chemical products	12900	-1.5	-0.5	-3.5	-4.9	-5.2
C16	Wood and of products of wood	12687	-1.0	-1.9	-9.4	-13.5	-13.6
C24	Basic metals	11000	-2.3	-0.1	-4.9	-8.3	-8.9
C13	Textiles	10600	-5.3	-6.8	-12.7	-14.8	-14.8
C30	Other transport equipment	9171	-0.2	3.1	-2.6	-4.3	-5.3
C17	Paper and paper products	7150	-2.1	-1.7	-3.1	-5.3	-5.6
C21	Basic pharmaceutical products	6100	-	-	-3.9	-4.5	-4.0
C15	Leather and related products	5488	-3.9	-6.3	-12.3	-14.0	-13.3
C11	Beverages	4600	-1.0	-2.6	-7.5	-8.4	-8.0
C32	Other manufacturing	1885	-0.7	-0.5	-1.4	-3.5	-4.4
C19	Coke and refined petroleum products	1684	-3.0	-0.1	-1.4	-1.9	-2.1
C26	Computer, electronic and optical products	1546	-1.6	-0.6	-5.9	-7.0	-7.3
C12	Tobacco products	677	-5.2	-8.2	-3.0	-3.4	-3.8

Source: Eurostat

**Table 5: EU27 industry new orders - % change in comparison to the corresponding period of the previous year – gross data**

NACE code	Sector name	Average growth 2001-2007	Average growth 2008	Q1/2009	Q2/2009	Jul-09
<b>C_ORD</b>	<b>MANUFACTURING FOR NEW ORDERS</b>	4.6	-4.8	-30.2	-29.0	-24.9
C25	Fabricated metal products	5.3	0.3	-29.1	-29.9	-27.4
C28	Machinery and equipment n.e.c.	6.2	-5.4	-37.0	-41.5	-33.6
C29	Motor vehicles, trailers and semi-trailers	5.4	-12.0	-37.2	-30.7	-20.8
C27	Electrical equipment	4.0	-1.5	-27.8	-30.6	-15.5
C14	Wearing apparel	0.2	-1.0	-15.9	-22.2	-13.5
C20	Chemicals and chemical products	3.8	2.6	-23.7	-23.2	-19.5
C24	Basic metals	7.7	-5.3	-48.2	-48.1	-41.6
C13	Textiles	-2.7	-9.8	-23.3	-21.7	-13.1
C30	Other transport equipment	13.0	5.3	-28.7	-9.7	-49.4
C17	Paper and paper products	1.6	-1.8	-16.9	-13.9	-7.8
C21	Basic pharmaceutical products	6.2	0.5	3.8	5.5	2.9
C26	Computer, electronic and optical products	0.2	-8.6	-23.9	-23.3	-18.2

Source: Eurostat

**Table 6: EU27 industry new orders – monthly evolution – seasonally adjusted data**

NACE code	Sector name	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09
<b>C_ORD</b>	<b>MANUFACTURING FOR NEW ORDERS</b>	-2.5	-1.3	-0.5	-1.6	0.4	-0.6	1.6
C25	Fabricated metal products	-5.0	-1.8	-0.7	1.4	1.4	-3.1	6.8
C28	Machinery and equipment n.e.c.	-3.0	-2.4	1.6	-8.5	1.3	-2.0	3.8
C29	Motor vehicles, trailers and semi-trailers	-11.5	4.9	8.3	0.3	-0.5	4.6	3.8
C27	Electrical equipment	-5.4	-5.0	4.7	-4.8	-1.7	1.5	16.0
C14	Wearing apparel	-10.8	4.5	-3.6	-7.2	-0.2	10.6	-2.5
C20	Chemicals and chemical products	-2.7	0.1	-0.7	0.2	0.3	-1.1	2.2
C24	Basic metals	-10.1	-7.1	-2.0	3.8	1.4	8.4	5.3
C13	Textiles	-6.9	-1.1	1.8	-0.7	-4.1	5.7	4.1
C30	Other transport equipment	20.6	33.2	-36.9	12.8	1.5	6.8	4.5
C17	Paper and paper products	-0.9	-0.1	-1.1	1.6	1.2	-0.7	2.9
C21	Basic pharmaceutical products	0.1	3.8	-1.9	1.1	-5.0	9.3	-4.7
C26	Computer, electronic and optical products	-9.4	-0.2	-2.5	1.4	-3.8	4.5	-0.5

Source: Eurostat

**Table 7: Extra EU Exports (in value) - % change in comparison to the corresponding period of the previous year**

<b>NACE code</b>	<b>Sector name</b>	<b>average growth 2001-7</b>	<b>average growth 2008</b>	<b>Q1-2009</b>	<b>Q2-2009</b>	<b>Jul-09</b>
DG 24	Chemicals & chemical products	7.2	3.2	-5.5	-4.6	0.3
DE 22	Publishing & printing	-1.7	-1.0	-10.4	-12.5	-1.0
DL 33	Scientific and other instruments	5.5	3.1	-6.3	-9.6	-2.9
DM 35	Other transport equipment	-2.1	6.5	1.7	-1.4	-3.9
DL 30	Office machinery & computers	-3.2	-8.2	-19.7	-14.7	-5.2
DA 15	Food & beverages	3.7	6.7	-10.2	-10.9	-8.8
DC 19	Leather	0.2	1.4	-16.6	-17.4	-11.3
DB 17	Textiles	3.6	-2.1	-22.2	-19.7	-11.6
DL 31	Electrical machinery and apparatus n.e.c.	6.8	10.3	-12.5	-18.8	-11.9
DH 25	Rubber & plastic products	7.6	1.5	-22.7	-21.7	-12.2
DE 21	Pulp, paper & paper products	4.8	2.5	-23.9	-17.8	-13.9
DJ 28	Fabricated metal products	7.5	7.1	-16.1	-22.4	-13.9
DB 18	Wearing apparel	3.1	4.2	-12.4	-18.8	-15.1
DI 26	Other non-metallic mineral products	2.7	0.6	-23.9	-23.2	-15.4
DD 20	Wood & of products of wood	5.8	-5.4	-25.3	-21.3	-16.4
D	EU manufacturing	5.9	5.1	-19.4	-20.9	-16.9
DN 36	Furniture; manufacturing n.e.c.	1.2	-0.2	-20.6	-22.2	-20.4
DK 29	Machinery & equipment n.e.c.	7.3	8.3	-15.5	-21.8	-20.4
DL 32	Radio, TV and communication equipment	0.0	-4.1	-28.1	-27.5	-28.5
DJ 27	Basic metals	12.7	7.9	-28.4	-31.5	-31.5
DM 34	Motor vehicles	7.7	3.5	-45.1	-42.3	-35.3
DF 23	Coke & refined petroleum	21.0	26.5	-40.8	-41.7	-39.6

Source: DG Trade