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

1. SUMMARY

The EU economy and its manufacturing sector seem at last to be emerging from the recession with GDP in the third quarter rising by 0.3% on the previous quarter after five consecutive quarters of contraction, and manufacturing output up by 2.8% in November as compared to its trough in March 2009. Most Member States showed a clear rebound in GDP with only Spain and Greece still in negative territory. Among the largest Member States, the strongest growth was seen in Germany (0.7%) and Italy (0.6%). However, manufacturing output in eight Member States has not really recovered yet, and construction output is still on a downward trend in most countries. These figures confirm that so far the fall in GDP has been constituted first and foremost by the output fall in industry and construction.

Increasing new orders and growing confidence over the past months point to an improving outlook for the EU industry. This more positive picture is also reflected in the above first signs of recovery in the manufacturing output, although it still remains almost 17% below its peak level of early 2008.

The situation varies considerably between sectors and across Member States. Also, a number of factors still suggest that a cautious approach is warranted to the prospects for economic recovery. 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 expected phasing out of short-time working schemes.

Looking to the future, there is also still a continuous risk that restricted availability of finance on favourable terms to firms could slow down an economic recovery. SMEs in particular appear to suffer from continued difficult access to short term finance, including export credits and trade finance that have declined considerably.

2. RECENT DEVELOPMENTS

2.1. Aggregate developments

Having fallen sharply, manufacturing production stabilised and started to recover in the second quarter of 2009[1], although in recent months the rebound has been rather fragile (see chart 1). In November 2009 manufacturing output was still some 17% below its peak in February 2008, but already 2.8% above its trough registered in March 2009. The output decline until March 2009 has been much more than a correction of an excess built up in the bubble economy of the middle years of this decade. Construction output in contrast has not yet stabilised and continues to decline. In November 2009, construction output was over 13% below its peak in January 2008.

[1] The trend for last six months is now a bit different than this described in the previous note due to a revision of the EUROSTAT data

In the first quarter of 2010, survey data[2] showed EU manufacturing **capacity utilisation** at a level of 73.1%, indicating a second increase from the record low level of 70.2% in the third quarter of 2009, but this is still well below the long-term average (1990-2008) of 81.1%. Capacity utilisation is at very depressed levels across all industrial branches, but investment and intermediate goods have been much more negatively affected than consumer goods. However, in a majority of sectors some improvements could be seen in the fourth quarter compared to historical lows from the second or third quarter.

Recent **confidence surveys** show that inventory levels continue further destocking reaching relatively low levels compared to their long run average. The improvement in the Economic Sentiment Indicator in January is the tenth consecutive increase since the trough of March 2009. The industry sentiment indicator also increased again in January (see chart 2) and remained the main contributor to the overall improvement. Most respondents reported this time strong improvement both in order books and their production expectation which gives hope for further positive developments. The recovery of other confidence indicators is also visible, but not that substantial. The confidence among consumers improved just slightly, whereas confidence in services remained unchanged and is still at very low levels**.** The situation is even less optimistic in construction where the confidence declined for the second consecutive month.

After a decline in October, recent Eurostat data on **order books**[3] show a return to the growth trend in November, when a monthly increase of 2.6% was registered for new industrial orders in EU27. The latest figures show that overall order books still remain some 26% below their peak level in the last quarter of 2007, but have nevertheless recovered some 11% since the trough in April 2009. Non-domestic orders have risen by over 12% since their low point in March 2009, whilst domestic orders have experienced a smaller recovery (increase of 6% since the trough in April 2009) and have been rather stable since August 2009. Basic metals, motor vehicles, machinery and equipment, and computer and electronic products are still the most severely affected sectors, although, apart from the latter, clear signs of recovery have emerged in recent months. The basic metals and motor vehicles sector have seen the most substantial improvement in orders since the first quarter 2009 with an increase in new orders by around 25%, although in the last two months the orders for the latter have been slightly in decline again. The latest data suggests that the recovery might have lost momentum with German orders hit by the ending of subsidies for new car sales.

EU exports have markedly increased since the trough in the first quarter 2009, but in November the exports to non-EU countries were still some 15% down in volume terms compared to the peak in the first quarter 2008. The recovery of **intra-EU trade** follows broadly the extra-EU exports trend, although in October it registered a small decrease and was 17% down compared to the peak. EU exports to the rest of the world seem to have fallen broadly in line with world trade and world industrial production (see Chart 3). However, extra-EU exports have been lagging behind the strong recovery in world trade that has occurred in recent months. This is partly a result of its composition, particularly concentrated in Asian economies, but may also reflect exchange rate developments.

The latest available **employment** data for the economy as a whole (Q3/2009) show that EU27 labour markets continue to deteriorate in reaction to the economic downturn, although the pace of deterioration seems to be slowing. Overall employment fell by 0.5% (1 019 000 persons) in the third quarter of 2009 compared to the previous quarter and by 2.0% compared

[2] DG ECFIN, *Business and Consumer Survey Results*, January 2010
[3] Eurostat 25/01/2010.

to a year earlier. The unemployment rate in EU27 continued to rise reaching 9.5% in November (corresponding to 22.8 million unemployed), which was 2.8 percentage points higher than the trough of 6.7% in the spring 2008.[4] In the euro area, the seasonally-adjusted unemployment rate was 10.0% in November 2009, which is the highest rate since August 1998.

Manufacturing remains the most negatively affected sector with announced job losses between September 2008 and November 2009 adding up to slightly more than half of the total job losses[5]. **Jobs in manufacturing** were 9.4% lower in the third quarter compared to the first quarter of 2008. Preliminary Eurostat data on overall hours show them 13.8% down in the corresponding period. Chart 4 reveals the use of short-term working in the vast majority of industrial sectors, in particular in basic metals, motor vehicles and coke and refined products, where average hours per worker have declined by more than 9% from the first quarter of 2008 to the second quarter of 2009. Only in beverages and food products industries employment has taken the main burnt of adjustment.

2.2. Country specific developments

Seasonally adjusted data showed that in November industrial production in the EU27 rebound by 0.9%, when a month previously it had declined by -0.7%. The revised month-on-month data shows that for the 20 Member States for which data is available, industrial production increased in 16 and fell just in four. The highest increases were registered in Latvia (+8.7%), Slovenia (+3.0%) and Estonia (+2.9%), and the largest falls in Ireland (-8.0%) and Portugal (-3.7%). Also noteworthy is that France recorded a 1.2% increase in November over October after a 0.6% decline the previous month, and Germany posted 0.7 percent growth compared to a 1.8 percent decline in October. In EU27 production rose especially in intermediate goods (+1.7%), capital goods (+0.7%) and non-durable goods (+0.5%).

However the November figures also show that industrial production compared with a year earlier continued to fall in all Member States for which data are available, except Poland (+7.3), Romania (+4.4%) and Luxembourg (+0.7%). Activity on annual comparison has fallen by the largest percentages in Denmark and Finland (both -14.4%), Estonia (-13.7%), and Bulgaria (-12.1%).[6]

There are also significant differences in the increase of unemployment rates among the Member States (see chart 5). Unemployment rates in the Baltic States, Spain[7] and Ireland have risen by between eight and sixteen percentage points in comparison to the first quarter of 2008. In contrast, in Germany the unemployment rate did not increase at all in this period, whereas in Malta, Netherlands, Belgium and Poland the rise was around one percentage point. In November 2009, compared with a year earlier, unemployment went up by around 5 million in the EU27 to reach the unemployment rate of 9.5%. The latest data showing that one in every ten workers is unemployed in the eurozone, indicates a jobless recovery.

These differences are related not only to the extent of the contraction of economy, but also to the form of adjustments in the labour markets. In most economies, except France, average hours worked per worker have declined significantly over the past year. This reflects both the impact of short-time working schemes and the extent to which the downturn has affected

[4] Eurostat 08/01/2010. The unemployment rate of 9.5% is the highest since the EU27 series began in January 2000.
[5] DG EMPL, *EU employment situation and social outlook*, December 2009
[6] Eurostat press release 14/01/2010.
[7] In November 2009, the highest unemployment rates in the EU27 were in Latvia (22.3%) and in Spain (19.4%).

manufacturing and construction, the two sectors with the highest cyclical sensitivity of hours worked.[8]

2.3. Recent developments in selected sectors

The latest data for developments in manufacturing sectors in the last three months to November 2009 show that production in most of the sectors has stabilised or even recovered somewhat (see chart 6. For additional information see tables 6 and 7), in particular in basic metals (c24) and motor vehicles (c29) industries. It seems that most sectors producing capital goods might have finally reached the bottom. On the other hand, output in wearing apparel (c14) is still in decline. Despite the recent recovery, except pharmaceuticals (c21), food production and beverages (c10) 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 motor vehicle production in 2009 was 17% lower than a year earlier, as a result of OEMs adjustment to the contraction in both domestic and foreign markets and in the effort to reduce their significant inventories. After the sharp declines in the first half of the year, the situation started to improve over the summer and the last months of 2009 registered only slight declines. The current forecasts are that production will stay at the same level throughout 2010 and begin to recover only in 2011. The recovery to pre-crisis level is not foreseen before 2014. With respect to passenger cars production the trend is the same, but with a smaller decline in 2009 (12%) that will continue in 2010 (3% decline in production forecast)

Regarding the passenger cars sales, the figure for the full last year shows a 1.5% decrease in comparison to the year earlier. This is due to, on one hand, the low figures of 2008 already marked by the crisis and, on the other hand, the success of the scrapping schemes and other demand-side incentives. Overall these scrapping schemes have resulted in a stabilisation of demand, with about 2-3 million "extra" vehicles sold during 2009[9].The situation varies significantly between the MS, but as a general pattern, the sales were in free fall in the first quarter of 2009, started to recover in the summer and displayed increase at the end of the year (in comparison to the depressed levels registered at the end of 2008). The current forecasts present a gloomy picture of a second and even deeper dip in sales with a 10% decline in sales forecast for 2010.

The sales of 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 33.9 % lower in 11 months of 2009 over the previous year. A slight recovery is expected in 2010 that will get stronger in 2011.

While the economic recovery will improve business and consumer confidence and therefore improve general market situation, the sales and production levels in 2010 will be inevitably affected by the withdrawal and pay-back effect of the scrapping schemes as well as the end or cutback in other support measures (EIB loans, flexible working arrangements, state-aids). Additional pressure will come from the need to restructure as already before the crisis the physical over-capacity in the sector was estimated at 20%. The main effort of restructuring will come only in 2010 with possible first plant closures (e.g. Fiat plant in Sicily and Opel plant in Belgium).

[8] OECD, *Economic Outlook*, No. 86, November 2009
[9] Global Insight for ACEA http://www.acea.be/index.php/news/news_detail/global_insight_the_crisis_is_devastating/

As in 2009, the automotive suppliers will face this year 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 very pronounced cluster nature of this industry).

2.3.2. Food and Beverages

In comparison to other industries, food and beverage industries seem to be less affected by the crisis. The output of these industries is still at a level similar to this of 2005. This is not the case in the majority of other sectors. However, inversely to general trend there is also no increase in output visible. This has consequences in terms of employment, in particular due to the fact that the food and beverage sector is (depending on the year) the first or the second job supplier among manufacturing sectors in Europe. The re-orientation of food demand towards discounter seemed to be more acute in recent months and, depending on the bargaining power, the food industries have been facing more pressure on their margins.

2.3.3. Mechanical and Electrical Engineering

The situation in the mechanical and electrical engineering sectors at the end of 2009 was still considerably worse in comparison with the previous year. However, there are some slight indications that the overall decline has stopped and that after some improvement in the 3rd quarter of 2009, the situation seems to have stabilised. Based on data available for Germany, which may be looked at as a broad reference of the situation in the rest of the EU, output of machinery and equipment and electrical equipment, respectively, was in November 2009 30.7% and 22% lower than it was in November 2008.

However, the incoming orders for machinery and electrical equipment in November 2009 show that the dramatic decline seems to have stopped, although exports of electrical equipment fell by 26% over the period January-November 2009 when compared to 2008. For machinery, the cumulative result for January to October 2009 compared to the same period in 2008 showed a decline of total exports of 25 %. Nevertheless, the decline of incoming orders for both sectors was only 12% in November 2009 compared to the figures for November 2008. Some sub-sectors even had a slight increase of incoming orders in recent months. This development could be seen as an indicator that from now on the economic situation for the ME companies will slowly improve. Heterogeneity of both sectors should be stressed, as the situation within their respective subsectors varies considerably depending on the situation in served supply chains or end-customer markets.

In the case of Electrical Engineering, the main drivers for economic recovery are expected in the areas of energy efficiency, electrical mobility, investments in energy and ICT infrastructure and modern electro-medical technologies. Even though the current situation is not worsening, it might take 4-7 years to achieve the production levels of 2008. Mechanical

Engineering also stands to benefit from the growing demand for energy efficient and environmental friendly products and solutions, yet it also depends on the eventual resumption of construction and building activities as Europe emerges from recession, as well as improvements in trade with China and Russia, notably in the areas of agricultural machinery and machine tools.

2.3.4. Chemicals industry

The overall business climate continuous to improve. Both the Ifo World Economic Climate Indicator and the EU Economic Sentiment Indicator increased in the fourth quarter of 2009 for the third time in succession. Actual economic recovery is driven by China, India, other Asian countries as well as Brazil who are amongst the fiercest competitors for the European chemicals industry.

The EU chemicals industry's increased confidence is a result of positive expectations for production over the coming months and an improved appraisal for order books, although the level of stocks actually increased in November compared to October 2009. In Q4, capacity utilisation increased to 75.1%, still almost seven percentage points below the long term average (82%).

October 2009 data shows the situation is gradually improving in the chemicals industry: production registered in October 2009 was 5.6% higher than the bottom level of December 2008, but considering the first ten months of 2009, output in the EU chemicals industry (excluding pharmaceuticals) experienced a 14.4% decline compared to the same period of 2008.

Production levels in different chemical subsectors in October 2009, compared to those in October 2008, increased in one case (Petrochemicals, +0.4%) but were negative in all others (Basic Inorganics, -12.3%; Polymers, -8%; Consumer chemicals, -7%; Specialty chemicals, -3.8%).

From January to September 2009, European chemical sales (excluding pharmaceuticals) were 22.6% down compared to the same period of 2008. Price data show that chemical products (excluding pharmaceuticals) were 4.5% less expensive in the first ten months of 2009 compared to the same period of 2008. Decreased volumes and lower prices affect seriously margins, a dynamics characterising the sector since mid 2000s. Companies are reacting by decreasing costs and reducing capacity: some European chemical plants have been shut down in the last months of 2009.

Most recent production forecasts for 2010 estimate a growth rate of the major European chemicals producer, Germany, at 5% after a 10% decline in 2009. All analysts agree the way to full recovery will be slow and volatile, especially due to increased levels of excess capacity in many subsectors at the global level.

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 has been confronted with more stringent pharmaceutical cost-containment measures as national authorities attempt to limit growing public health budget deficits. In the context of the economic crisis, a significant number of

Member States have introduced further reductions in the prices of medicines and/or modified their reimbursement rules in recent months (e.g. Czech Republic, Romania, Bulgaria, Hungary, France, Greece, Slovakia…).

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.[10]

2.3.6. Textile and Clothing

Over the period of three months ending in November 2009 (latest data available), textile production slightly increased (+1.3%) compared to the previous three months. Production is still 8% lower when compared to the same period of the previous year and is 23% behind the peak level of the first quarter of 2008. Production of wearing apparel is falling again (-5.3% in the period of three months ending in November) after signs of stabilisation/recovery in the middle of 2009. The trade deficit for textile and clothing products showed an increase of €1.4 billion in the first eleven months of 2009, due to a reduction in exports (-17%) substantially higher than the fall in imports (-6%).

The slow pick up of the economic activity in the European Union and in the major export markets for the EU textile and clothing products, coupled with still rising unemployment, is delaying the turning point in the business cycle in these industries. The new orders for textile products and for wearing apparel in September 2009 were still lagging well behind the levels of one year before. In addition, persisting difficulties in the access to credit and credit insurance remain. At the same time, clients continue increasing payments delays to the industry. That is why, recovery in the EU textiles and clothing industry was still uncertain by the end of 2009.

2.3.7. Steel

In the first eleven months of 2009, the production of crude steel in the EU-27 as reported by the World Steel Association, fell by 33.2% compared to the same period of the previous year, while a contraction in world steel output reached -10.8%. The crisis impacted fiercely 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. (-18.4%), North America (-37.4%) and South America (-24.3%). The production increased only in Asia (+2.0%), which was due mainly to increase in production volumes in China (+12.1%).

[10] EuropaBio, SME Platform Access to Finance: A Call for Action, 27 May 2009

Many European companies have reduced the number of days of production, or mothballed capacity in particular during the first half of last year. Significant reductions in production and employment have been announced by all major steel groups. EUROFER estimates that up to present around 40% of the overall EU steel industry employment (approx. 173 thousand people) has been affected by the crisis, which includes announced redundancies, temporary lay-offs and short-time work.

During the first nine months of 2009 the volume of EU steel exports to third countries fell by 18% in comparison to the same period of the previous year, whilst imports from third countries to the EU fell by 52%. As a result, the EU became a net exporter of steel (7.3 mill. tonnes). The abrupt decline in EU imports was caused by a fall in demand in the EU and a current low price of steel in Europe that has reduced the attractiveness of the EU market for third country imports.

Signs of a moderate recovery in global steel demand and prices have been apparent from the beginning of the second half of 2009. In the EU, some of the steel producers restarted mothballed blast furnaces in order to rebuild the stocks after a period of heavy destocking. At present, the steel inventories are better aligned with the weak demand.

Rebuilding of inventories is expected to continue and lead to a 'technical recovery' in the steel demand at the beginning of 2010. Price levels are expected to stabilise or rise slightly as soon as the demand improves and production returns to its level from before the crisis. Nevertheless, the demand from main steel-using sectors, such as automotive and construction remains subdued and the outlook for the European steel market is very uncertain.

2.3.8. Shipbuilding

As expected, the situation of the shipbuilding sector showed signs of further deterioration in the last quarter of 2009 with only a marginal number of new orders and no signs of trend reversal. For the first three quarters of 2009, new orders thus accounted for 9.5 mln CGT[11] worldwide, as compared to 42.5 mln CGT for the same period in 2008. In the EU, new orders amounted to 182 000 CGT for the first three quarters of 2009, while CESA (Community of European Shipyards Association) yards witnessed a decrease of 86% in new orders. European yards are witnessing an increasing drought in orders in specialized segments, paradoxical for markets with little correlation with cargo availability. Ordering activity in 2009 appears at its lowest level in the last 10 years, with little signs of recovery in 2010 as shipping demand remains depressed.

2010 should see little ordering activity, with massive global overcapacity remaining a serious problem for the sector. Pressure is thus rising on yards to accept postponements of existing orders in order to avoid looming cancellations. Asian yards will also be increasingly tempted to enter the niche markets occupied by European yards, such as ferries or cruise liners.

Given the nature of the production cycle, the present order book is only expected to start decreasing in the upcoming months, marking the beginning of the tangible impact of the crisis for the sector. Theoretical expected delivery figures (based on existing orders) for European shipyards 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

[11] Compensated Gross Tonnes

(56% in 2011 and 23% in 2012)[12]. However, expected waves of cancellations might significantly accelerate the drying up of the order books.

As a result, there is an ever-growing risk of shipyard closures.[13] 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, the first shipbuilding segments to be hit are often the ones contributing most to the Europe's competitive advantage. In recent months, important restructuring plans have been announced in some of Europe's biggest shipyards, such as STX Finland and STX St Nazaire, while a recent study commissioned by IG Metall reported that over 3000 employees already lost their jobs in the German shipyards due to the crisis.

2.3.9. Aeronautics

End 2009 showed some positive signs of recovery for the European and global air transport market. Passenger traffic in November 2009 at EU airports was up +1% compared to November 2008 (although this number was comparatively low due to the start of the economic downturn) and air freight traffic increased +5.6%[14], although again, from a quite low basis. However, the cumulated European air passenger traffic from January to November decreased by -6.2% and freight by -15.9%. This moderate growth is therefore still fragile and far from being sustainable.

The International Air Transport Association, IATA, expects that worldwide, airlines will report losses of $11 billon in 2009[15]. The downward trend in the course of the year 2009 continues to have an impact on orders figures of the whole aeronautics sector, whereas deliveries could even be increased.

New aircraft orders stood at 310 for Airbus (compared to 777 in 2008)[16] and 142 for Boeing (compared to 662 in 2008)[17]. However, both large aircraft manufacturers still have order books which would secure 5-7 years of work. Therefore, despite the sharp decline in orders, Airbus delivered a record number of 498 aircraft (compared to 483 in 2008) and Boeing 481 (375 in 2008). This pattern of a dramatic reduction of orders and stable or even increasing deliveries can be observed for the main aeronautics market segments (regional aircraft, helicopters, business jets). This suggests that the year 2009 is largely a reflection of the good economic performance in the pre-crisis years. It therefore seems likely that the downturn will finally hit the aeronautics sector with an 18 months delay in 2010. With view to the financial situation of airlines and continued pressure on yields, it is expected that airlines will continue to reduce capacity and postpone or cancel delivery of already ordered aircraft. It is expected that 2010 will be a difficult year for the aeronautics sector and that airlines will continue to make a global loss of about $5.6 million[18]. If deliveries drop, cuts in output and employment will certainly be envisaged by the industry. It is expected that demand will only rebound in 2011/2012.

---

[12] CESA "Shipbuilding Market Monitoring Report" – October 2009
[13] 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.
[14] Airport Council International, press release 12 January 2010, European Passenger Traffic returns to Growth
[15] IATA Financial Forecast, December 2009
[16] http://www.airbus.com/en/corporate/orders_and_deliveries/#
[17] http://active.boeing.com/commercial/orders/index.cfm
[18] IATA Financial Forecast, Decemer 2009

2.3.10. Tourism

The recent economic downturn started to show its impact on the tourism industry at the end of 2008/2009. According to Eurostat data, 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 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 main findings are confirmed by the most recent UNWTO survey[19], which indicates that Europe (which is however broader defined than EU-27) has registered an encouraging improvement on international tourist arrivals, especially for the last quarter of 2009, ending 2009 down 5.6%, whereas earlier forecasts predicted a decline of 10 %. Nevertheless and in spite of the improvement signs, tourism in Central, Eastern and Northern Europe was still particularly affected (-8%). Against this backdrop and given the upturn in international tourism figures and in other economic indicators in recent months, UNWTO forecasts a growth in international tourist arrivals worldwide of between 3% and 4% in 2010, while Europe is likely to recover at a more moderate pace.

According to the monthly report on trends in the supply of domestic and international airline flights and seats by OAG, a global aviation data company, worldwide airline capacity measured in available seats shows positive growth for the fifth consecutive month in January 2010. In addition, hotel performance data for the first eleven months, as analysed by Deloitte, based on data reported by STR Global, also corroborates this upward trend as occupancy rates have started to post growth in some key destinations, which is a sign that the recovery has begun.

2.3.11. Construction

The most recent data published by EUROSTAT[20] show that construction output continues to decline. The output in the EU27 fell by 1.6% in the third quarter of 2009 compared with the previous quarter. Not only the activity in building construction declined by 2% but also the production value of civil engineering remained stagnant in the third quarter of 2009 compared to the previous quarter. The latest preliminary month-on-month data indicates that output in civil engineering rose again in November by 0.6 % compared with the previous month (4.4% compared with a year earlier), showing limited evidence of new public investment in infrastructure projects. Employment decreased by 9.8% in the construction industry over the third quarter compared to the previous year.

Many EU countries, including EU-12, are still concerned by the decline of the economic activity in the construction industry. Among the countries for which data are available for the third quarter of 2009, construction output compared to the previous quarter rose only in Poland (+5.3 %), Luxemburg (+4.5%), Finland (+3.0 %) and the Czech Republic (+0.4%). The largest quarterly decreases were registered in Lithuania (-15.3%), Latvia (-11.8%), Estonia (-11.4%), Ireland (-9.9%), Slovenia (-9.8%), Romania (-7.9%), Greece (-7.2%) and Spain (-6.1%).

[19] UNWTO World Tourism Barometer, January 2010, Press release of 18 January 2010, www.unwto.org

[20] Eurostat press release 19/10/2010.

There are pessimistic views about the stabilisation of the situation and a possible recovery in the coming months. For example, according to a recent survey carried out by the Architects' Council of Europe[21] , architects are now more pessimistic about an upturn in work from the Public Sector than at any other time during 2009. Only 16% of architects expect to see an increase in work from the public sector down from 26% in the previous survey carried out in September 2009. The survey reveals that 41% of architects' offices have shed staff since September 2008, and that 17% expect to make further redundancies in the coming three months. The picture remains pessimistic in relation to anticipated workload for the first quarter of 2010, as only 22% of architects' offices are optimistic about taking on more work - down from 24% in September 2009.

2.4. Access to finance

ECB data for November indicated that lending in the euro-zone was contracting at an increasingly rapid pace reflecting both lower demand and tighter credit standards (see chart 7). Bank lending to the private sector fell year-on-year for the first time in September by 0.2%, but ECB data for November showed the annual rate of decline accelerated to 1.9%. The slowdown has been most significant in short-term loans that have been declining since November 2008.

The latest ECB October 2009 bank lending survey[22] provides hopes for a gradual improvement. Following the turning-point in the tightening trend observed at the time of the April 2009 survey, the net tightening seems now to be close to a halt. Interest rate margins, loan size, and collateral requirements that in particular had been made more onerous, had significantly lower degree of net tightening in the third quarter of 2009. The most important forces driving the tightening of credit standards to enterprises continued to be expectations regarding general economic activity and the industry or firm-specific outlook. Importantly, some of the supply-side factors, namely banks' access to market financing and banks' liquidity position, contributed to an easing of credit standards for loans to enterprises. At the same time, net demand for loans by enterprises continued to decline. Given the lag of three to four quarters in the response of loan volumes to a change in credit standards, the trend decline in loan volumes can be expected to continue for some time before recovery takes place.

Furthermore, banks reported that their access to wholesale funding has improved somewhat in comparison to the previous quarter, partly owing to governments' announcements and introduction of recapitalisation support and state guarantees for debt securities issued by banks. Securitization markets are still heavily impaired, which severely limits banks' capacity to originate (and distribute) credit.[23] Over the next three months, banks do not expect much improvement in this respect. Overall, the environment remains challenging for lower-tier borrowers, notably small and medium-size enterprises.[24]

Credit deterioration will continue to put pressure on bank balance sheets, as write-downs and loan loss provisions are expected to rise. While U.S. banks have already recognized about 60 per cent of anticipated write-downs, euro area and U.K. banks have only recognized about 40 per cent.[25] IMF projects additional write-downs or loss provisions of about €337bn for euro

[21] Fourth snapshot survey of the impact of the economic crisis)- December 2009
[22] ECB, The Euro Area Bank Lending Survey, October 2009.
[23] World Economic Outlook, October 2009, IMF.
[24] Ibid.
[25] Global Financial Stability Report, October 2009, IMF.

area banks. The question for the coming months remains whether bank earnings will be robust enough to absorb these write-downs and rebuild capital cushions.[26]

At present **venture capital** funds in Europe are focused on managing their portfolio companies through the crisis in order to be well positioned once economic growth picks up. Year-to-date venture capital figures are now down by 21% (volume) and 23% (value) compared to 2008 (see chart 8). As regards early-stage investments, 2009 so far has remained significantly behind 2008 with volume and value down 25% and 23%, respectively.[27]

[26] Global Financial Stability Report, October 2009, IMF.
[27] Unquote" Private Equity Barometer, Q3 2009.

Annex

Chart 1: EU27 manufacturing production index (2005=100)

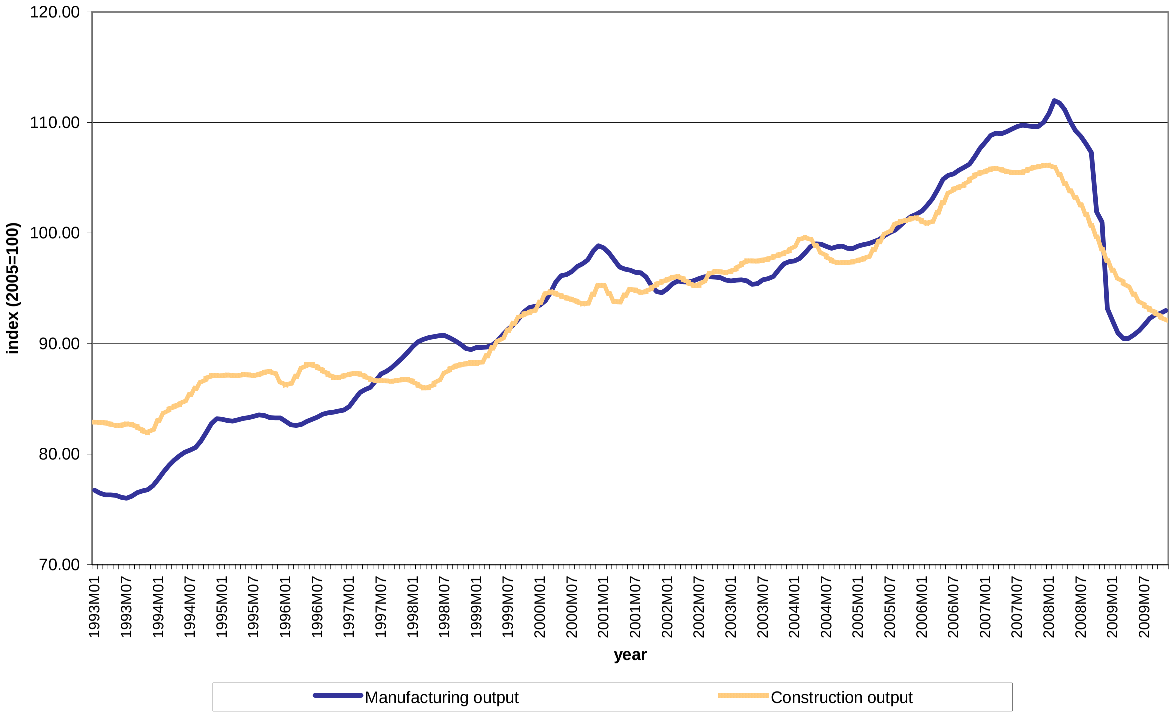
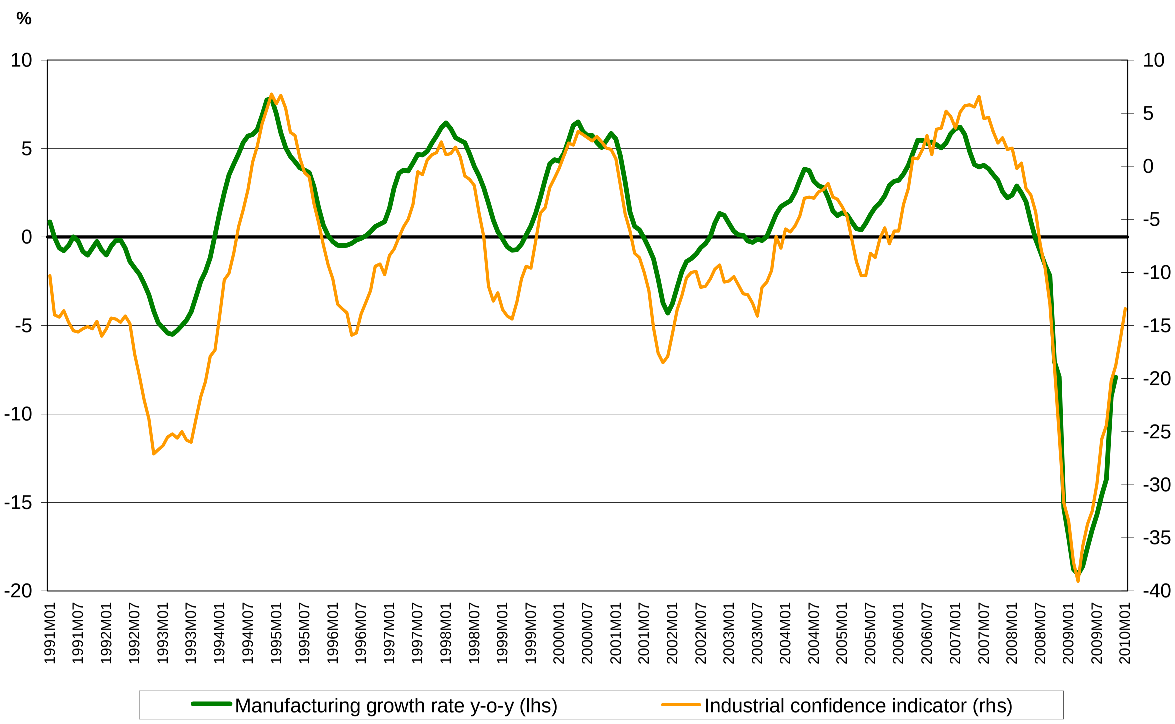
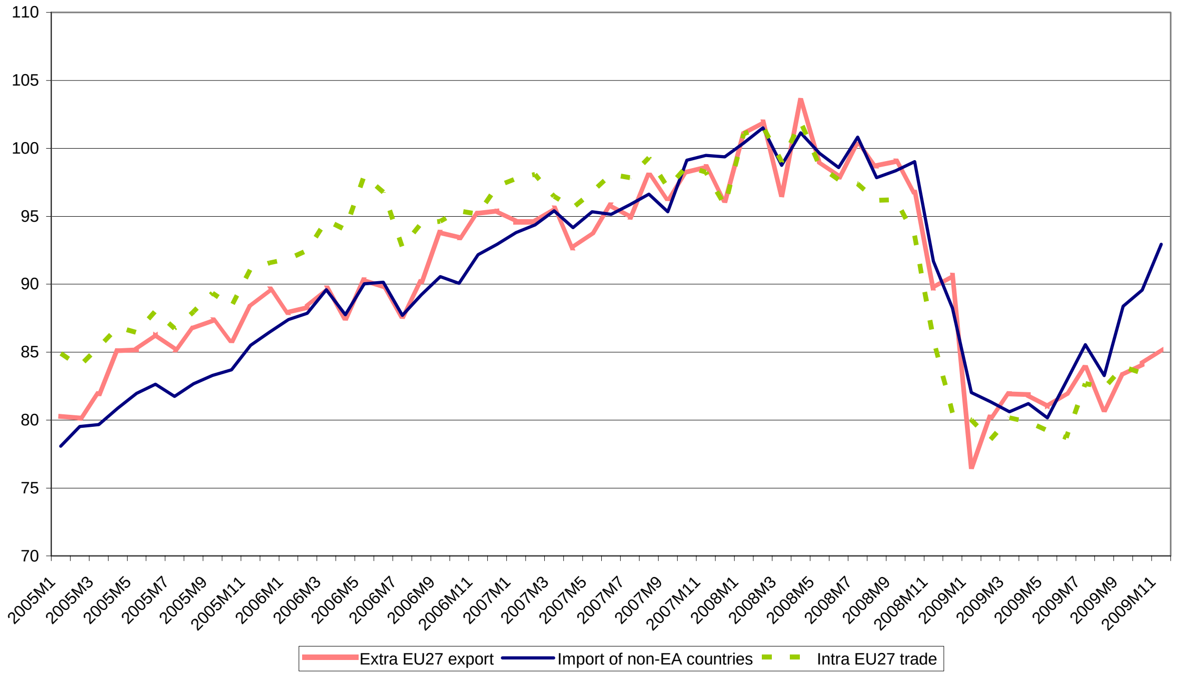


Chart 2: EU27 manufacturing production growth and industrial confidence



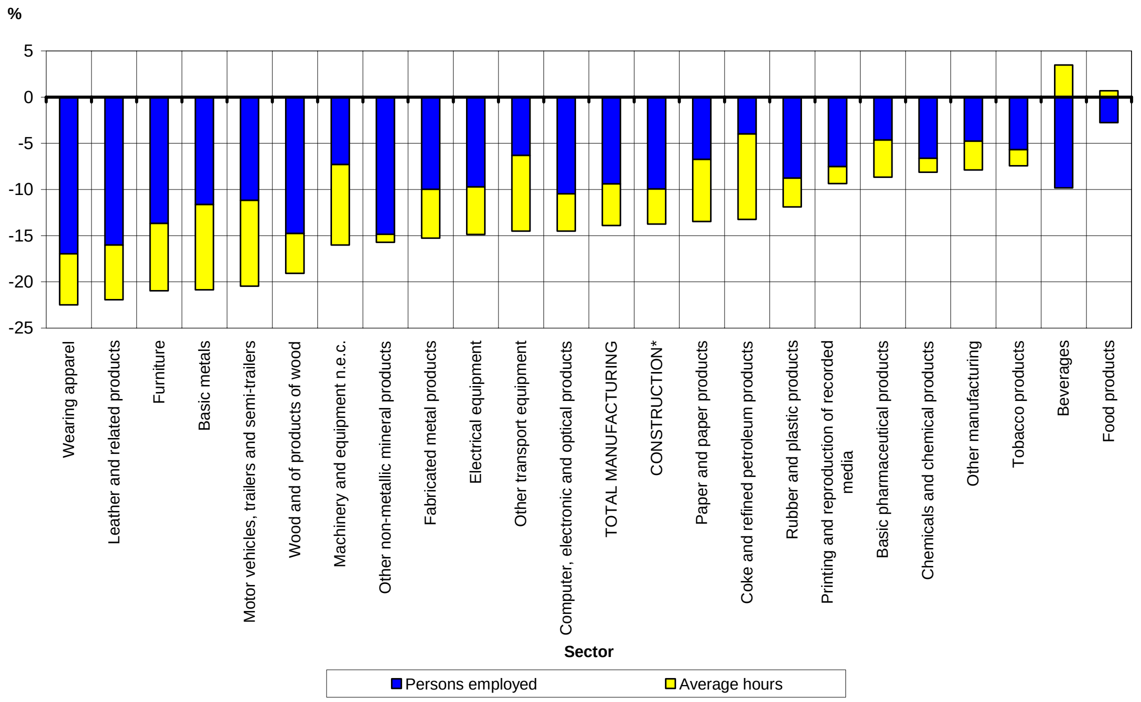
Source: Eurostat and DG Economic and Financial Affairs

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

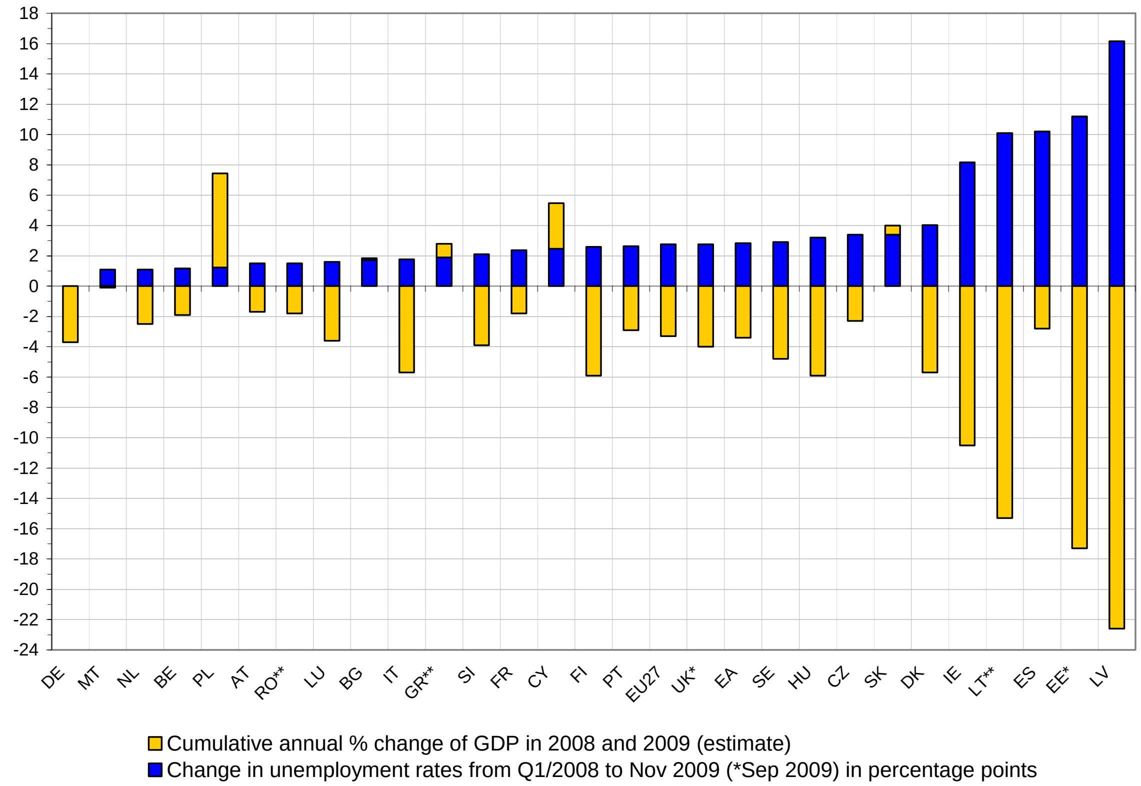
Chart 4: Breakdown of change in overall hours worked into employment and average hours - third quarter of 2009



*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 in comparison to the Q1 2008 (*Q2 2008 in case of construction)*
Source: Preliminary data, Eurostat[28]

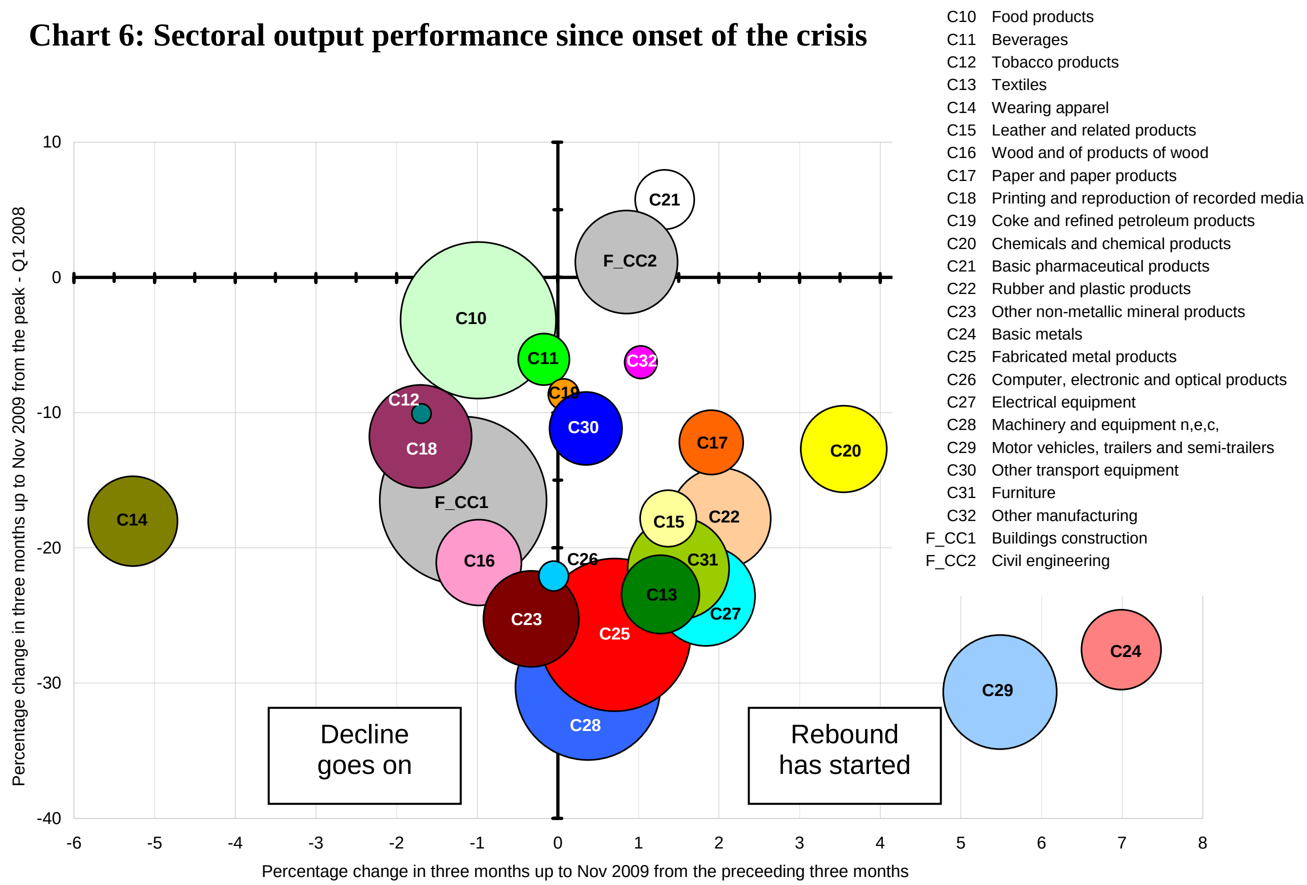
[28] For more information: Sarmite Visocka "Economic downturn in the EU: the impact on employment in the business economy" Eurostat Statistics in Focus 60/2009 (August 2009)

Chart 5. Changes in unemployment rates compared with the changes of GDP



Source: Eurostat and DG ECFIN

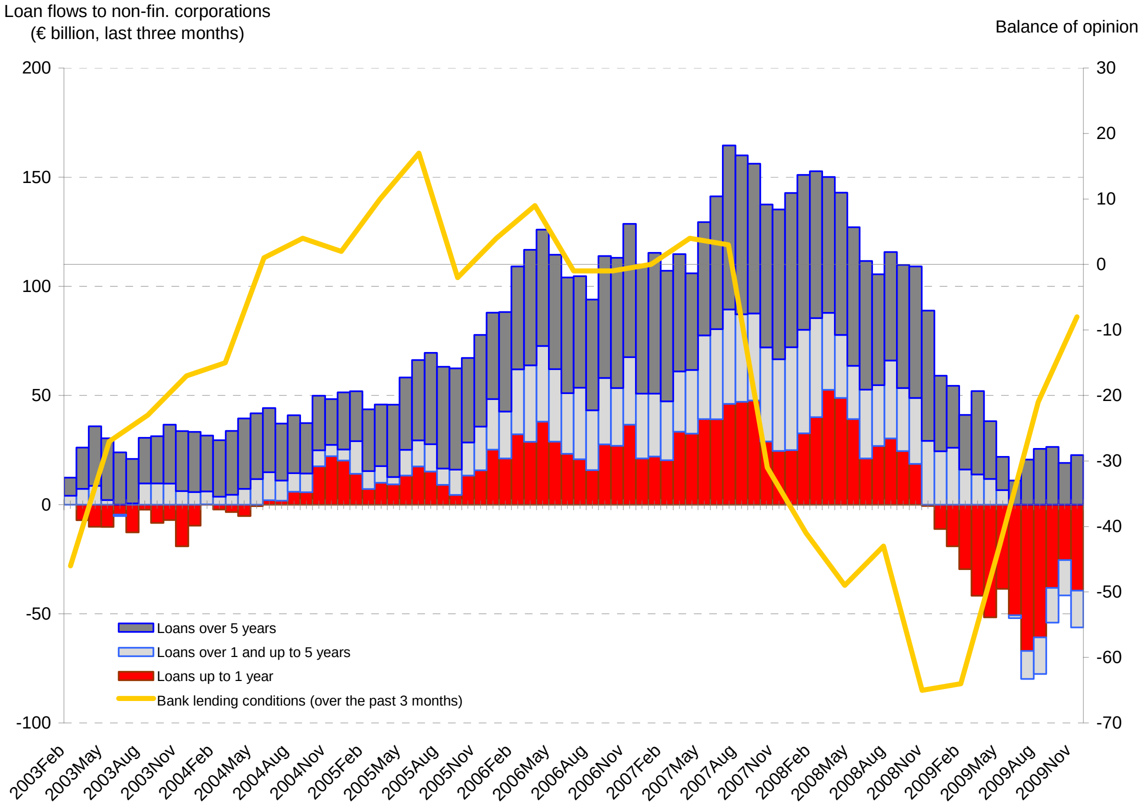
Chart 6: Sectoral output performance since onset of the crisis



* Size of the bubble reflects employment in the sector

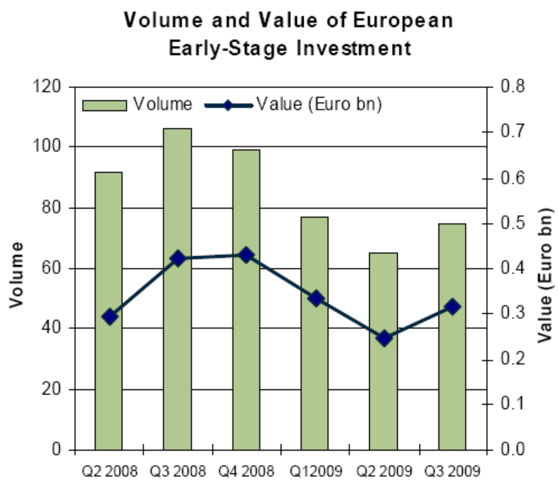
Source: Eurostat

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



Source: ECB

Chart 8. Early-stage venture capital statistics



	Number	Value (E m)
Q2 2008	92	294
Q3 2008	106	422
Q4 2008	99	430
Q1 2009	77	334
Q2 2009	65	247
Q3 2009	75	317
YTD 2008	288	1,171
YTD 2009	217	897

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

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

Total industry	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09
EU27	1.0	0.4	1.1	0.3	-0.3	1.0
EA16	0.4	0.3	0.8	0.2	-0.7	0.9
Belgium	1.0	0.7	-0.9	0.0	:	:
Bulgaria	-0.5	-0.3	0.0	-3.5	2.1	0.3
Czech Republic	2.8	-2.0	3.3	-0.8	0.9	:
Denmark	-1.4	2.9	-3.5	-2.4	-0.4	0.4
Germany	1.3	-1.1	1.7	3.3	-1.8	0.7
Estonia	-0.4	2.5	1.7	-3.1	0.4	2.9
Ireland	7.3	7.9	-16.0	11.3	-1.4	-8.0
Greece	-1.6	0.8	0.9	-1.6	-0.6	0.2
Spain	0.7	-0.4	1.4	-1.4	0.4	0.1
France	0.2	0.6	2.9	-1.2	-0.6	1.2
Italy	0.0	2.1	6.0	-4.9	0.6	0.2
Cyprus	-0.1	1.7	-2.9	0.1	0.1	:
Latvia	1.7	-1.0	2.4	-1.8	0.1	8.7
Lithuania	1.5	3.5	-4.9	-1.7	-0.4	0.3
Luxembourg	3.1	-3.5	2.0	7.6	-2.3	-0.5*
Hungary	1.8	-0.6	-0.6	3.7	1.8	:
Malta	:	:	:	:	:	:
Netherlands	1.8	0.6	1.3	-0.6	1.0	0.8
Austria	0.9	1.7	0.0	0.2	2.8	:
Poland	1.3	-0.7	1.0	1.2	1.2	2.2
Portugal	-0.4	0.7	4.9	-2.4	-1.7	-3.7
Romania	1.1	0.2	0.6	1.4	0.9	1.7
Slovenia	0.4	-0.4	4.9	0.6	-3.5	3.0
Slovakia	5.6	-1.2	11.4	5.2	0.1	:
Finland	2.2	-0.7	2.2	-1.4	1.5	2.6
Sweden	1.2	1.7	-1.5	1.3	-0.6	-0.4
United Kingdom	0.4	0.5	-2.9	1.3	0.0	0.3

: Data not available

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[29]

NACE code	Sector name	Average growth 2001-2007	Average growth 2008	Average growth M1-M11 2009	Average growth Q3/2009	Nov-09
C	**TOTAL MANUFACTURING**	1.8	-1.8	-15.6	-14.3	-6.0
F	**CONSTRUCTION**	1.8	-3.0	-8.8	-8.8	-6.7
C10	Food products	1.5	-0.5	-0.9	0.0	-0.8
C25	Fabricated metal products	2.4	-2.1	-22.6	-22.1	-11.4
C28	Machinery and equipment n.e.c.	3.4	1.4	-26.1	-27.9	-23.0
C29	Motor vehicles, trailers and semi-trailers	3.2	-5.9	-25.5	-20.1	1.6
C18	Printing and reproduction of recorded media	-0.1	-2.4	-7.6	-7.8	-7.8
C31	Furniture	-0.1	-4.5	-17.2	-17.5	-7.9
C22	Rubber and plastic products	1.7	-4.7	-14.8	-11.4	-0.4
C27	Electrical equipment	1.8	-0.2	-21.2	-21.4	-10.9
C23	Other non-metallic mineral products	1.1	-6.2	-19.5	-16.6	-11.1
C14	Wearing apparel	-4.4	-3.4	-11.8	-10.2	-11.2
C20	Chemicals and chemical products	1.6	-3.2	-12.5	-10.8	7.7
C16	Wood and of products of wood	1.1	-8.3	-15.2	-11.0	-5.6
C24	Basic metals	1.1	-2.9	-28.0	-26.4	-5.2
C13	Textiles	-3.2	-9.7	-17.7	-14.7	-5.1
C30	Other transport equipment	2.2	4.4	-11.1	-13.4	-7.3
C17	Paper and paper products	1.7	-3.0	-10.5	-8.8	-1.7
C21	Basic pharmaceutical products	5.1	1.8	3.6	4.2	3.7
C15	Leather and related products	-6.1	-7.7	-13.2	-10.4	-5.7
C11	Beverages	1.8	-1.8	-3.1	-0.6	-0.2
C32	Other manufacturing	2.1	-0.6	-4.7	-3.9	-0.8
C19	Coke and refined petroleum products	0.6	3.1	-7.9	-7.4	-6.0
C26	Computer, electronic and optical products	2.6	1.8	-18.6	-19.4	-13.2
C12	Tobacco products	-3.7	-16.1	-1.4	0.1	-0.4

Source: Eurostat

[29] 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 previous quarter / month – seasonally adjusted data

Total	Q4-08	Q1-09	Q2-09	Q3-09	Sep-09	Oct-09	Nov-09
EA16	-3.6	-1.8	-1.5	-2.6	-0.7	-0.4	-1.1
EU27	-3.6	-2.5	-1.3	-1.6	-0.4	-0.3	-0.6
Belgium	-6.1	3.0	-4.1	-0.1	-1.7	:	:
Bulgaria	-1.4	-4.6	-5.5	-6.8	-1.3	-4.4	-1.9
Czech Republic	-3.1	-1.0	3.5	0.4	2.8	-2.9	2.8
Denmark	-1.6	-3.3	-8.2	-5.6	-2.6	-1.1	:
Germany	-0.1	0.6	3.3	-0.1	-2.1	-1.2	0.7
Estonia**	-5.4	-8.4	-10.8	-11.4	:	:	:
Ireland**	-11.6	-10.9	-11.7	-9.9	:	:	:
Greece**	-2.8	-7.6	3.2	-7.2	:	:	:
Spain	-5.6	-0.7	-4.5	-6.1	1.7	-0.6	-3.5
France	-2.7	-2.5	-0.5	-2.5	1.1	-0.1	-0.4
Italy	-7.0	-3.7	-0.8	-3.1	c	c	c
Cyprus**	-4.4	c	c	c	:	:	:
Latvia**	-8.4	-11.2	-10.2	-11.8	:	:	:
Lithuania**	-9.2	-24.0	-21.7	-15.3	:	:	:
Luxembourg	-1.8	6.2	-3.8	4.5	-0.3	-0.7	:
Hungary	1.3	-2.8	4.1	-5.6	3.7	-0.5	:
Malta**	1.4	-2.2	-1.9	-2.6	:	:	:
Netherlands	-0.2	-2.9	-2.4	-1.8	-1.2	c	c
Austria	-0.3	0.1	-0.6	-0.1	0.2	-0.6	:
Poland	0.7	0.1	1.7	5.3	-1.6	0.0	2.3
Portugal	-0.9	-2.4	0.0	-1.9	-2.7	-4.1	4.1
Romania	1.1	-4.7	-9.4	-7.9	0.5	-5.2	2.9
Slovenia	-13.4	2.7	-8.2	-9.8	-10.0	3.5	-4.5
Slovakia	0.6	-10.1	5.2	-2.4	-6.4	-11.9	13.7
Finland	-5.5	-3.9	-5.3	3.0	-2.4	-2.0	c
Sweden	-1.8	-1.7	0.4	-0.5	-1.3	0.4	-1.1
United Kingdom	-4.6	-6.4	0.5	2.0	0.6	-1.6	-0.5
Building - EU27	-4.5	-3.7	-2.2	-2.0	-0.6	-0.4	-0.7
Civil engineering - EU27	-1.2	3.0	1.8	-0.1	-0.4	0.6	0.6

: Data not available c Confidential
** These Member States are not required to supply monthly data under Council Regulation 1165/98

Source: Eurostat

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

NACE code	Sector name	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09
C	**TOTAL MANUFACTURING**	0.3	-0.1	-0.1	0.7	0.0	0.0	1.3
F	**CONSTRUCTION**	-1.9	-0.6	-0.6	0.1	-0.4	-0.3	-0.6
C10	Food products	-0.8	0.5	0.0	-0.4	0.3	-1.9	0.4
C25	Fabricated metal products	-0.2	-0.8	-0.1	1.5	-1.2	0.2	1.2
C28	Machinery and equipment n.e.c.	-1.6	-1.2	-2.9	2.0	2.3	-1.9	-0.4
C29	Motor vehicles, trailers and semi-trailers	4.2	1.1	-0.2	0.6	3.4	0.9	1.8
C18	Printing and reproduction of recorded media	-0.8	-1.1	-0.6	0.9	-1.0	-1.0	-0.8
C31	Furniture	-3.1	-2.4	-0.2	1.8	-0.6	-0.2	1.8
C22	Rubber and plastic products	0.9	0.6	0.8	1.2	-0.1	0.4	1.3
C27	Electrical equipment	-0.5	-0.4	-0.3	0.4	0.9	-0.5	1.2
C23	Other non-metallic mineral products	0.5	0.1	0.4	-0.6	-0.1	-0.4	0.0
C14	Wearing apparel	9.1	-2.9	-3.3	2.3	-6.8	0.0	2.3
C20	Chemicals and chemical products	0.3	2.2	0.9	-1.2	1.3	0.7	4.8
C16	Wood and of products of wood	0.1	0.7	-0.2	1.5	-2.0	-0.8	1.1
C24	Basic metals	4.0	1.2	4.0	0.4	3.2	2.0	1.8
C13	Textiles	0.0	-1.9	1.6	-0.7	0.7	0.5	-0.1
C30	Other transport equipment	-0.5	1.5	-3.0	-0.4	0.7	0.7	1.1
C17	Paper and paper products	0.1	0.4	0.0	0.9	1.2	-0.6	0.9
C21	Basic pharmaceutical products	0.3	0.9	2.2	-3.8	3.3	-0.4	0.2
C15	Leather and related products	2.5	-3.3	3.5	-1.5	-0.6	4.2	-1.2
C11	Beverages	-2.6	3.4	0.6	-1.6	2.3	-2.1	-0.4
C32	Other manufacturing	1.4	-2.2	0.5	2.0	-1.5	1.3	0.0
C19	Coke and refined petroleum products	-0.1	-0.3	1.7	-3.8	3.4	-1.4	-2.5
C26	Computer, electronic and optical products	-0.1	-1.3	-2.1	0.8	-0.4	0.0	0.4
C12	Tobacco products	-2.8	-2.0	-1.3	1.8	-1.3	-3.7	3.6

Source: Eurostat

Table 5: EU27 employment growth rate by manufacturing sector - % change in comparison to the corresponding period of the previous year – gross data

NACE code	Sector name	Persons employed (00s)	Average growth 2001-2007	Average growth 2008	Average growth Q2/2009	Average growth Q3/2009	Sep-09
C	**TOTAL MANUFACTURING**	344128	-1.1	-0.1	-7.3	-9.0	-9.0
F	**CONSTRUCTION**	140932	1.8	-0.7	-7.9	-9.8	-9.6
C10	Food products	41849	-0.4	0.4	-1.5	-2.2	-2.2
C25	Fabricated metal products	40000	0.5	2.3	-8.3	-10.8	-10.9
C28	Machinery and equipment n.e.c.	36495	-0.3	2.6	-5.1	-8.2	-8.5
C29	Motor vehicles, trailers and semi-trailers	22348	-0.2	1.0	-9.3	-11.4	-11.3
C18	Printing and reproduction of recorded media	18200	-1.9	-1.7	-5.9	-6.5	-6.4
C31	Furniture	18000	-1.3	-1.8	-10.9	-11.1	-10.5
C22	Rubber and plastic products	17495	0.1	0.8	-7.0	-8.2	-8.2
C27	Electrical equipment	17100	-0.8	1.5	-8.3	-10.7	-10.8
C23	Other non-metallic mineral products	15865	-1.2	-2.1	-10.9	-13.5	-13.6
C14	Wearing apparel	13900	-5.2	-6.4	-13.6	-13.3	-13.0
C20	Chemicals and chemical products	12900	-1.7	-1.0	-4.9	-5.8	-5.6
C16	Wood and of products of wood	12687	-0.9	-1.9	-12.3	-13.1	-12.7
C24	Basic metals	11000	-2.0	-0.6	-8.3	-11.1	-11.3
C13	Textiles	10600	-5.3	-6.4	-13.8	-14.7	-14.3
C30	Other transport equipment	9171	-0.2	2.4	-4.2	-7.2	-7.7
C17	Paper and paper products	7150	-2.1	-1.5	-5.4	-5.2	-5.0
C21	Basic pharmaceutical products	6100	0.5	-1.0	-4.4	-2.1	-1.6
C15	Leather and related products	5488	-3.5	-5.9	-12.0	-12.1	-12.0
C11	Beverages	4600	-1.3	-1.0	-7.8	-7.2	-6.7
C32	Other manufacturing	1885	-0.5	0.3	-4.1	-5.2	-5.3
C19	Coke and refined petroleum products	1684	-2.5	-0.4	-1.1	-4.2	-4.4
C26	Computer, electronic and optical products	1546	-1.7	-1.4	-7.5	-9.2	-9.3
C12	Tobacco products	677	-4.1	-7.7	-2.9	-4.7	-5.3

Source: Eurostat

Table 6: 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	M1-M11 /2009	Q3/2009	Nov-09
C_ORD	**MANUFACURING FOR NEW ORDERS**	4.6	-4.8	-23.4	-21.5	-1.2
C25	Fabricated metal products	5.3	0.3	-25.3	-24.9	-6.9
C28	Machinery and equipment n,e,c,	6.2	-5.4	-32.1	-31.6	-2.3
C29	Motor vehicles, trailers and semi-trailers	5.4	-12.0	-23.0	-17.1	7.0
C27	Electrical equipment	4.0	-1.5	-22.5	-18.8	-7.2
C14	Wearing apparel	0.2	-1.0	-17.0	-14.2	-13.2
C20	Chemicals and chemical products	3.8	2.6	-18.9	-19.2	3.5
C24	Basic metals	7.7	-5.3	-37.8	-35.0	-2.9
C13	Textiles	-2.7	-9.8	-17.2	-13.2	-1.0
C30	Other transport equipment	13.0	5.3	-17.3	-15.9	-3.5
C17	Paper and paper products	1.6	-1.8	-11.9	-10.1	0.5
C21	Basic pharmaceutical products	6.2	0.5	4.3	3.5	10.0
C26	Computer, electronic and optical products	0.2	-8.6	-21.2	-19.4	-11.3

Source: Eurostat

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

NACE code	Sector name	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09
C_ORD	**TOTAL MANUFACTURING**	3.3	0.2	3.5	1.0	1.4	-1.5	2.6
C25	Fabricated metal products	1.4	-2.9	6.7	-1.5	4.7	-5.2	2.9
C28	Machinery and equipment n.e.c.	1.3	-1.6	4.8	1.3	7.4	-2.1	8.1
C29	Motor vehicles, trailers and semi-trailers	-0.2	5.1	3.1	5.6	-1.2	-1.7	-0.6
C27	Electrical equipment	-2.0	1.9	13.0	-8.0	5.2	1.6	-0.8
C14	Wearing apparel	-0.2	9.1	-1.5	-5.2	-2.0	-0.6	-0.1
C20	Chemicals and chemical products	0.8	-0.2	3.5	0.6	-0.8	2.6	4.0
C24	Basic metals	1.5	8.8	5.4	0.3	7.1	-2.4	1.1
C13	Textiles	-3.3	5.6	5.8	-4.5	1.5	-0.8	-0.3
C30	Other transport equipment	8.7	3.4	3.3	-25.9	65.0	-46.3	8.8
C17	Paper and paper products	1.7	-0.8	1.8	-0.5	0.2	2.2	0.2
C21	Basic pharmaceutical products	-4.4	7.7	-4.4	-4.0	12.2	-7.2	3.2
C26	Computer, electronic and optical products	-3.7	4.3	-1.6	-3.4	3.6	-2.6	2.5

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 2001-7	average growth 2008	Sep-09	Oct-09
DB 18	Wearing apparel	3.1	4.2	-24.9	-26.8
DF 23	Coke & refined petroleum	21.1	27.0	-39.5	-25.6
DL 32	Radio, TV and communication equipment	0.0	-4.1	-32.6	-24.5
DK 29	Machinery & equipment n.e.c.	7.3	8.0	-21.7	-23.7
DM 34	Motor vehicles	7.7	3.4	-32.2	-23.1
DN 36	Furniture; manufacturing n.e.c.	1.2	-0.2	-15.6	-22.3
DJ 27	Basic metals	12.6	7.7	-28.8	-21.0
DC 19	Leather	0.2	1.4	-18.0	-20.7
DJ 28	Fabricated metal products	7.5	7.1	-19.8	-20.7
DB 17	Textiles	3.7	-2.1	-10.9	-20.2
DE 22	Publishing & printing	-1.7	-0.9	-12.4	-18.6
DL 31	Electrical machinery and apparatus n.e.c.	6.8	9.7	-18.5	-18.2
DI 26	Other non-metallic mineral products	2.7	0.7	-22.4	-18.0
D	EU manufacturing	5.9	5.2	-18.9	-16.8
DD 20	Wood & of products of wood	5.8	-5.6	-12.5	-16.4
DL 30	Office machinery & computers	-3.1	-8.4	-13.3	-12.3
DL 33	Scientific and other instruments	5.5	3.1	-6.5	-11.2
DH 25	Rubber & plastic products	7.6	1.2	-14.8	-10.8
DA 15	Food & beverages	3.7	6.6	-8.5	-10.1
DE 21	Pulp, paper & paper products	4.8	2.4	-13.1	-8.2
DG 24	Chemicals & chemical products	7.2	3.0	-3.3	-4.6
DM 35	Other transport equipment	-2.1	6.4	-11.8	-4.3

Source: DG Trade