

## MAJOR SECTORS

### *Electronic industry*

In 1991, industry sales were \$39,5 billion, down 1.7% from 1990. Semi-conductors and passive components were the hardest hit, whereas telecommunications showed a small increase of 4.5%.

With exports of \$19,2 billion and imports of \$22,8 billion, the rate of coverage of external trade was maintained at 84%, but the balance of trade remains negative at \$3,6 billion. The deficit is particularly marked with Japan and the four "little" dragons of South-East Asia, where sales of French products represent only 5% of these countries' total purchases. French trade with the United States is being affected by the depreciation of the dollar. In contrast, France's competitiveness in Europe is improving as sales to Germany and Great Britain are progressing faster than purchases.

The distribution market for electronic components which is worth some \$6,4 billion, is expected to lose 10% in 1992, with stagnation of the sub-contracting business.

### *Electrical building materials*

Set back by the continued recession in the domestic market, the electrical building materials industry has been saved by an export boom, even though its sales have been stagnating at \$9,1 billion in 1991. With sales abroad of \$5,6 billion, including 50% within the EEC, this industry's companies have exported over 60% of their production in 1991. As imports remained unchanged, the trade surplus for the industry skyrocketed to \$2,6 billion (+25%).

As the result of their efforts at competitiveness, businessmen went abroad to fill orders which were lacking at home.

## OUTLOOK FOR 1993

It should be noted that five European companies are included among the world's top ten leaders in electrical equipment, while there are only two in electronic equipment.

Although European manufacturing remains very fragmented and national suppliers are unable to benefit from the increased size of a single market, it is clear that some structural change has occurred: increased cooperation for the intelligent development of submicron CMOS between SGS-Thomson and Philips Composants; consolidation in distribution of electrical supplies through the new partnership of CDME-Groupelec; reorganization of Schneider into a multinational focussed on electrical distribution equipment and industrial automation, through the purchase of Federal Pioneer of Canada and Square D of the U.S.

In addition, European Community regulations will require the opening of national electrical energy production to European suppliers of electrical equipment through mandatory public tenders. Electricity will now become, as in the United States, an ordinary commodity, leading to a fundamental restructuring of the market based on ATR, a new concept meaning 'network access to third parties'. These planned guidelines are raising a lot of controversy from the governments and businesses