

**Fra:** ISO [mailto:info@iso-shopfitting.com]

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**Til:** 'Winfried Lambertz'

**Emne:** ISO AGM, mail 3, Economic review, comments from the meeting 21.05.13

Hi again, Winfried.

A general discussion from the Economic reviews was quite interesting, based on my information that 66% of the Swedish population are employed, i.e. bringing home a salary from a real job!

The European average is 62%

As shopfitters, depending on the retail business, it is of more interest how many "spenders" do we have around, instead of what's the unemployment rate of "non-spenders".

Don't you agree?

Re. Poland vs. Germany:

The Pan-European shopfitters at the moment find it more competitive to buy from Germany again, why Poland has increased their price level (due to good time?) while Germany has experienced no labor cost increases in the past four years!

Re. The Netherlands, the discussion at the meeting gave the following supplementary information:

The number of bankruptcies in the shopfitting and related industries are worrying. Construction business like housing, offices and retail is at a very, very low level.

The consumers are saving instead of spending, which makes the problems of an already over established retail sector even worse.

Lots of empty space is available, 30% of the shops are about to disappear, while growing sales via Internet is blamed as part of the reason (?).

The CBM association is also losing members, and reducing staff. The government is considering new legislation to make it easier for troubled industries to lay off "old" staff!

From Scandinavia, the following additional information appeared:

Denmark: DK seems to be even more negative than already mentioned, salaries are reduced, workers are laid off. Our present member and subsupplier to the shopfitting and interior environment industry in the Nordic countries, Europe and even abroad, have noticed an 11% reduction in DK, but compensated by exports, why (against the mainstream) our member had a good 2012.

One more example of the benefit, if not necessity, of international networking!

And again, the Danish heavy industries are non-existing, farmers are in difficulties, but international retail business is extremely profitable. The two richest men in DK today are the founders of Bestseller (Vero Moda, Jack & Jones, ONLY, Vila, Pieces etc.), and Lars Larsen (JYSK = Dänisches Bättenlager), both with a continuously growing Global retail organisation.

Facts from Sweden, supplementary comments:

2012 the growth in Swedish **Retail** was 2,1% compared to 2011.

But the Restaurant (eating out) grew close to 5% !

It follows the previous year's reduction of VAT on food from Restaurants and Cafeterias. Common VAT in Sweden is 25%. On food it's only 12% but until the change eating out was 25%.

Why should a readymade lunch or evening meal, salad or sandwich, be taxed only 12% in the supermarket refrigerator, but 25% across the café counter?

So the VAT reduction has obviously given "eating out" and the Restaurant industry new popularity, and creating jobs and good business for many.

The Swedish GDP growth kept increasing in first quarter 2013, reaching 1,7%, compared to the EU average: MINUS 0,7!

And facts from UK:

(Ref. Gulf News, Dubai, May 2013)

UK Retail sales recovery dashed! Government prepares to face IMF call to do more to help growth as budget deficit hits record high.

Negative trend:

Drop in retail sales volumes in April from March: 1,3%

British retail sales dropped at their sharpest pace in a year last month, a reminder of weakness in the country's economy after some recent signs of recovery.

Sales of food plunged 4,1% from March, the worst showing in almost 2 years.

As the part of UK's GDP driven by consumer spending is about 60%, the situation may indicate that forecasts earlier this year, expecting at least some growth, may not hold.

France, comment to the report:

It is a general feeling that people are nervous of the downturn. The retailers are reducing their budgets (investments and sales expectations).

More follows.

Regards,

Preben Bailey, ISO, etc...