



# **VOORBURG 2003**

## **SESSION 2: MINI PRESENTATIONS ON PRODUCER PRICE INDICES**

### **CHALLENGES IN THE DEVELOPMENT OF A PRICE INDEX FOR COURIER SERVICES IN THE UK**

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# THE DEVELOPMENT OF A PRICE INDEX FOR COURIER SERVICES IN THE UK – STANDARD INDUSTRIAL CLASSIFICATION - CLASS 64.12

## INTRODUCTION

1. This paper provides a brief background to the courier industry in the UK, which encompasses all express delivery services, outlines the development of a Corporate Services Price Index (CSPI) and highlights some of the difficulties and challenges. It also raises issues identified for its future improvement.

## THE INDUSTRY

### Background and nature

2. The sector of the market served by enterprises classified to the courier and express delivery activity relates to the collection from the premises of the customer of relatively small consignments of documents, parcels or lightweight freight (often single items) and delivery to the destination by a specific time. For this personalised service, customers are willing to pay a premium price for guaranteed door-to-door, secure delivery. It is estimated that about 95% of activity is with the business community.

3. Enterprises in this sector compete directly with the UK national post operator (the Royal Mail and Parcelforce) in some respects, although the Royal Mail still operates a monopoly on bulk collection, sorting and delivery for items of mail weighing up to 350 grams and where postage is less than £1. However, recent legislation will result in significant changes to the market in the medium to long term through gradual liberalisation, opening up the bulk mail sector to private operators. Limited access to serve the universal postal market will be granted under license, but there is some concern that licensees will target the most lucrative sector, namely bulk business mailing.

4. Couriers and express freight operators utilise all forms of road vehicles (bicycles, motorcycles, cars, vans and heavier goods vehicles) and air transport (both scheduled and non-scheduled), plus there is increasing use of the rail network with the growth of high speed inter-city and continental links. Growing road congestion within the UK, particularly in and between densely populated urban areas, has contributed to the transfer of some business services to the railways. Some companies also utilise local taxi operators for collection and delivery in urban areas.

5. Enterprises classified to this activity range widely in size and nature of business. The smallest operators are typified by dispatch riders on bicycles and motor cycles, serving a relatively local market, normally in congested city environments, whilst the other end of the spectrum is populated by large multi-nationals with global service networks, large fleets of vehicles and aircraft and highly sophisticated computerised systems for monitoring, tracking and tracing consignments. To serve the domestic market, the larger businesses operate a nation-wide network of depots, totally integrated with regional and national sorting and distribution centres, providing a 24 hours a day, 365 days a year service to clients. Vehicles are normally fitted with mobile communication facilities which link them to operational control centres enabling rapid response and high flexibility.

6. It is becoming more and more difficult to define a clear boundary between what might be classified as freight and consignments that are typical of the courier and express freight market. Companies in most sectors of the freight transport industry now compete for the same business. The distinction is more about the nature of the service, meeting the specific needs of the customer in providing a guaranteed, door-to-door service with delivery by a specific time, than the type or size/weight of the consignment. As a broad rule of thumb within the industry, consignments weighing more than 350 kilos, and which are not necessarily time-critical, are normally considered

to be freight – though that is far from being a hard and fast rule or universally accepted. The maximum weights allowed for charging purposes are normally:

- up to 5 kilos for document rates (heavier consignments are charged as parcels);
- up to 50 kilos for parcel rates (37 kilos maximum allowed in the EC);
- 50 kilos plus for freight rates.

7. With the ever-changing nature of the freight transport industry within the UK, freight hauliers and freight forwarders are increasingly offering services in direct competition with couriers and express delivery operators – and vice versa. Road haulage companies have introduced Less-than-Full-Load (LFL) policies, which reduce the costs for relatively small freight consignments. To counter that, express freight operators are capitalising on the increasing adoption of Just-in-Time (JIT) processes - used by manufacturing companies to maintain minimum stock levels for materials and parts - that require more frequent and less bulky deliveries.

8. The burgeoning growth and use of the Internet for e-mail and e-commerce has also made inroads into some traditional services provided by couriers, but some have also benefited from the e-commerce explosion by delivering goods to businesses and domestic customers that purchase on-line. Other companies have switched emphasis in order to survive and specialise in the carriage of specific goods such as medical supplies, motor parts and accessories and garments, or highly valuable consignments such as works of art. Original documents or hard copies are still required in some circumstances (legal papers or contract documents, for example) so there is still a market for their safe and timely collection and delivery, albeit a declining one. Yet another sector of the market is that of home deliveries for goods purchased through mail order, an area which is dominated by a few large operators.

9. In terms of volume, 75% of UK courier and express freight activity is in the domestic market; but that sector has become saturated and fierce competition has often seen prices kept artificially low. As a result, many of the smaller operators have not been able to survive a regime of declining income in real terms versus high, and increasing, fixed costs – the rising price of fuel and insurance for example. Some have formed loose alliances and partnerships with other smaller domestic operators to service a wider geographical market and achieve some economies of scale, but many have ceased trading. That partnership strategy has also helped some small companies to compete in the increasingly important market of same day/next day services to European destinations, by utilising the resources of the continental partner companies for collection of the consignment at the port/airport/railway station and delivery to its final destination.

10. The future for the industry is rooted in opportunities for expansion in some areas, whilst others may have reached saturation point with limited further potential. The client has a massive choice of providers of equal quality when it comes to same day or next day services within the UK, for example; continued customer loyalty can only be retained through increasingly competitive pricing policies, offering higher and higher levels of discount, which eventually forces many smaller businesses to close. The international market on the other hand is seen as the key area for growth, but primarily for companies that have the infrastructure, resources and expertise to take full advantage of the opportunity.

11. The changing nature of business and its increasing globalisation are part of the reasons for the predicted growth in international traffic. Removal of customs barriers in an enhanced European Community and the integration of the air, road and rail networks in former Eastern Bloc countries which have modernised their economies will aid that expansion, in terms of the potential market size, geographical area served and the ability to offer faster delivery times. Guaranteed two day deliveries are now the norm for long-distance European destinations, helped by more frequent scheduled ferry services, access via the Channel Tunnel and the increasing number of provincial airports with the ability to handle cargo consignments quickly.

12. The industry may also have to adapt to changing customer needs. The larger multinational clients increasingly rely on total logistical support, encompassing storage, packaging, customs documentation, ordering and invoicing: couriers and express freight operators must be capable of meeting these needs in order to remain competitive. Whilst the core functions of secure door-to-door collection and delivery will continue to be the primary activity, many will also have to supply specialist services such as contract management and administration on customer premises in order to remain competitive.

13. There are factors which may hinder the desired rate of expansion, however, including environmental issues related to the increasing number of vehicles on already congested roads and the pressure to reduce night flights, or ban them completely. Congestion on roads and at airports is itself a problem in some areas, posing a serious threat to the ability to meet guaranteed timed deliveries. Further advances in information technology could also make some courier activities redundant. All of this is in addition to the growing threat offered by the direct competition of freight forwarders and others, which may already have the ability to offer a comprehensive range of logistical services.

### **Structure and outputs**

14. Courier and express delivery services are classified to 64.12 in the UK's Standard Industrial Classification 1992 (SIC) and is described as follows:

64.12            *Courier activities other than national post activities*

*This class includes:*

*- pick-up, transport and delivery of letters and mail-type parcels and packages by firms other than national post. Either only one kind of transport or more than one mode of transport may be involved and the activity may be carried out with either self-owned (private) transport media or via public transport.*

The equivalent in the UN's Central Product Classification (CPC) is:

68120            *Courier services*

*This subclass includes:*

*- collection, transport and delivery services, whether for domestic or foreign destination, for letters, parcels and packages, as rendered by courier and using one or more modes of transport, other than those provided by the national post administration. These services can be provided using either self-owned or public transport media.*

*This subclass does not include:*

*- messenger delivery services, see 64240*

and the EC's definition in its Classification of Products by Activity (CPA) is:

64.12.1            *Courier services other than national post activities*

64.12.11            *Multi-modal courier services*

64.12.12            *Other courier services.*

It should be noted that the SIC definition does not specifically exclude bicycle messenger services, which are an integral part of the UK industry.

15. Development of the index for this industry started in 1995, but the initial research stage proved to be quite difficult, partly due to the lack of a single, authoritative body or trade association capable of providing a comprehensive overview of the UK industry. There was therefore a great deal of reliance placed on information provided in discussion with companies engaged in the industry, and four of the largest in particular. Although this approach generated a good deal of useful information and enabled progress to be made at the time, with hindsight it may have lacked

a degree of balance. There was no input into the research process from mid-size and smaller companies, for example, where the mode of operation, scale of business and pricing policy may be significantly different. There were also a number of trade associations which had a marginal interest in various aspects of the courier industry that were not consulted, including:

- The Association of International Courier and Express Services;
- The Chartered Institute of Transport;
- The Despatch Association; and,
- The Road Haulage Association.

16. Despite these shortcomings, and on the basis of information obtained, an outline structure for categorising the industry's principal products was agreed with the businesses involved in the initial research. This structure is known as the "family tree" and is shown in the Fig.1 of Annex A. It is based on the fundamental price-determining factors which apply throughout the industry. The weights were calculated from turnover data (by category of activity) obtained at the recruitment stage in 1995.

17. The first sub-level divided activities into four broad geographical regions reflecting the destination of consignments – within the United Kingdom, Europe (European Community), Europe (Non European Community) and Inter-Continental. A fifth category was added embracing all destinations for special, one-off contracts (dealing with hazardous or highly valuable consignments, for example). The second key criterion is represented at the lowest level, namely the desired timing of delivery for each of the geographical regions – same day (if appropriate), next day and other (covering deliveries for 2 days and upwards). Within the next day category, it is a common feature for many businesses to offer delivery by a specific time, normally:

- by 0730 hours
- by 0900 hours;
- by 1030 hours;
- by 1200 hours; and,
- by 1730 hours.

These distinctions are not reflected in the family tree.

18. A further level of categorisation was considered at the initial development stage, based on the weight of the consignment, but it was abandoned after discussion with the industry as it was apparent that price changes would affect consignments of all weights in a uniform manner. Furthermore, the adoption of that extra categorisation, and the related increase in the number of price quotations required to sustain it, would have imposed an unjustifiable compliance burden on contributors to the prices inquiry. No further sub-division based on the nature of the consignment (mail, document, parcel or freight) was considered.

19. More recent evidence, gained through a comprehensive industry turnover survey conducted in support of the current project to rebase the CSPI series on 2000=100, indicates that the structure of the industry's activities has changed since 1995, albeit only to a small degree. It appears that companies no longer differentiate between Europe (Non-European Community) and Inter-Continental destinations and so it is proposed to adapt the family tree as shown in Fig.2 OF Annex A. The revised weights are also based on data supplied for that survey.

## **SAMPLING AND RECRUITMENT**

20. In mid-1995, according to the ONS' Inter-Departmental Business Register (IDBR), the industry had fewer than 1,000 reporting units (entire companies and parts of larger corporate entities) classified to SIC 64.12 with total turnover amounting to approximately £1 billion. The 30 largest companies generated 60% of that figure, with the top 6 alone accounting for 25%. Other external industry sources estimated the total market at that time to be worth nearer £2.3 billion annually.

Neither of these may have been totally accurate, and there is certainly some doubt about the count of units on the IDBR.

21. Nevertheless, the initial sampling for recruitment of contributors was based on the available IDBR data: the variable used for stratification purposes was turnover, as shown below:

Fig.3

Turnover Sizeband (£000)	No. of Units	Sampling Fraction (%)	No. of Units Selected
0 – 999	853	2	17
1,000 – 4,999	105	10	11
5,000 +	21	100	21
TOTAL	979	5	49

The selected units represented 60-65% of total industry turnover.

22. 37 companies responded to the initial recruitment survey, each providing a detailed breakdown of turnover by category of service (the basis for establishing the weights at Fig.1), together with a number of price quotations for a cross-section of representative services covering all of the branches of the family tree. In total, prices for 137 separate items were provided.

23. Over time, the sample deteriorated in terms of number of suppliers and number of price quotations and improved classification procedures resulted in 6 companies being re-classified to the road freight industry. They still had significant activity in the courier and express delivery sector, however, and were retained for the purposes of CSPI. By the middle of 2002, there were just 28 suppliers left, providing prices for 116 items.

24. The effects of improved classification on the IDBR can also be seen in SIC 64.12 as the data at May 2003 shows a population in excess of 8,500 units (8,000 employing fewer than 10 people and outside the scope of the CSPI), total employment of 84,000 and turnover of more than £5.3 billion. The dominance of the largest companies continues with the top 20 accounting for 66% of all turnover (£3.3 billion).

25. A recent recruitment exercise, allied to the ongoing rebasing project, has seen a substantial improvement in the overall number, composition and quality of the sample. The number of data suppliers has been increased to 54 and the number of price quotations supplied has more than doubled to 242. The comparison between the pre-recruitment and post-recruitment sample can be seen in Fig.4 (the stratification is now based on the ONS' preferred method using the employment variable and not turnover).

Fig.4

COMPARISON OF SAMPLE (SIZE AND COMPOSITION) FOR COURIERS - SIC 64.12

1995 Base	Sizeband	10 - 49	50 - 99	100 - 299	300+	Total
Population	Count	450	38	18	22	528
	Employment	8,479	2,467	2,636	48,234	61,816
	Turnover (£000)	583,072	176,056	171,583	4,136,567	5,067,278
Sample	Count	11	3	1	13	28
	Employment	315	204	106	45,131	45,756
	Turnover (£000)	18,956	12,831	11,539	2,529,419	2,572,745
Coverage (%)	Count	2.4	7.9	5.6	59.1	5.3
	Employment	3.7	8.3	4.0	93.6	74.0
	Turnover	3.3	7.3	6.7	61.1	50.8

2000 Base	Sizeband	10 - 49	50 - 99	100 - 299	300+	Total
Population	Count	450	38	18	22	528
	Employment	8,479	2,467	2,636	48,234	61,816
	Turnover (£000)	583,072	176,056	171,583	4,136,567	5,067,278
Sample	Count	20	12	7	15	54
	Employment	543	793	1,055	46,157	48,548
	Turnover (£000)	52,769	55,417	65,783	2,783,038	2,957,007
Coverage (%)	Count	4.4	31.6	38.9	68.2	10.2
	Employment	6.4	32.1	40.0	95.7	78.5
	Turnover	9.1	31.5	38.3	67.3	58.4

The table clearly illustrates the continued dominance of the largest companies (the top 20 still account for more than 60% of industry turnover) and these have always been well represented in the sample used for the quarterly survey. As a result of the latest recruitment, however, there is now a much more balanced representation across all strata and a greater range of price quotations.

## PRICING METHODOLOGY

26. In this industry, the charges for services are based on factors which are common to all operators and transparent to customers. The vast majority of companies publish highly detailed tariffs for the services they provide and the geographical locations covered. The key price-determining criteria are:

- the nature of the consignment – mail, documents, parcels or freight;
- the weight of the consignment;
- the destination – geographical areas are divided into tariff zones, the more zones crossed the higher the charge;
- the timing for delivery; and
- any special features (highly valuable consignments or hazardous material, for example).

The destination and speed of delivery also dictate the mode(s) of transport required, which is another important factor. Some add a charge for insurance of goods in transit as standard, others offer it as an option to the customer.

27. Discounting is a common feature in this highly competitive industry and available discount rates (based on volume and frequency of business) are openly advertised by the operators. As an example, one of the largest companies offers a standard discount ranging from £5 per consignment for 10 items per month up to £12 for between 60 and 80 items. Others offer a percentage discount, often as high as 70% for most favoured customers on special rates. It is estimated that around 60% of customers of the largest companies are eligible for some form of discount. Further extension of the family tree to cover the wide range of discount schemes would be a totally impractical proposition, however.

28. As the objective of the CSPI quarterly survey is to collect prices for services that are representative and can be compared on a like-for-like basis over a period of time, there is a strong likelihood that our data may be heavily biased towards discount rates offered to regular customers. That is not a problem as long as the criteria for discounting remain the same. At the time of recruitment, data suppliers were offered the option of providing price quotations that:

- reflect actual contracts;
- are taken from quoted tariff rates (although these may not be the achieved rate in every case);  
or
- are representative of the charge companies would make for a particular delivery (a model contract).

There is no evidence to indicate which of these options data suppliers selected on a case-by-case basis, but a range of typical item descriptions covered by the quarterly survey is shown at Annex B.

29. The highly competitive nature of the industry and the impact on price movements is illustrated by the industry data attached at Annex C and the graphs comparing the trend in the industry index to the trend in the CSPI Top-level Index. Apart from two periods in 1998 and late 2000/early 2001, prices in general have remained reasonably stable. The two noted exceptions were caused by steep increases in fixed costs for items such as fuel and insurance that could not be fully absorbed by the companies and had to be passed on to customers. The underlying data show that the UK market, in particular, has seen a reduction in prices in real terms, as have some parts of the European services – due in part to: economies of scale through the formation of working partnerships between smaller UK operators and their continental counterparts; faster and relatively cheaper access.

## ISSUES AND CHALLENGES FOR THE FUTURE

30. Prior to the recent recruitment exercise, there were some issues about the continued robustness of the sample, and whether the price quotations supplied were truly representative of the industry and covered all aspects of activity in a comprehensive manner. For the most part, those matters have been satisfactorily resolved. The main focus of work for the immediate future is on the quality of item specifications, ensuring that all quotations contain specific and accurate details of the service quoted, including all information on the primary price-determining factors.

31. In terms of data quality, the question of discounting has not been fully addressed. We do not have a full understanding of its impact overall or at the individual company level, or the number of our current price quotations that are affected by it. It would be useful to extend our item descriptions to include, as a requirement, more information on the actual customer and the level of discount applicable, if any.

32. Other key areas that may be worth further evaluation or investigation include:

- should a further sub-level be added to the family tree to distinguish between various types of consignments – mail, documents, parcels and freight - and the different rates that apply (for example, freight rates for consignments above 50 kg. are not well represented in the present range of price quotations);
- evaluate whether there is a need to enhance the sample further to include the activities of cycle messenger and dispatch services, which tend to be undertaken by the smaller companies in the industry;
- explore whether there is a need to conduct a prices survey each quarter, or at all, if tariff rates for all types of consignments and destinations are published and updated regularly, and appropriate adjustments can be made for discounting;
- seek more involvement and positive input from external industry experts such as various trade bodies, other Government departments and the like.

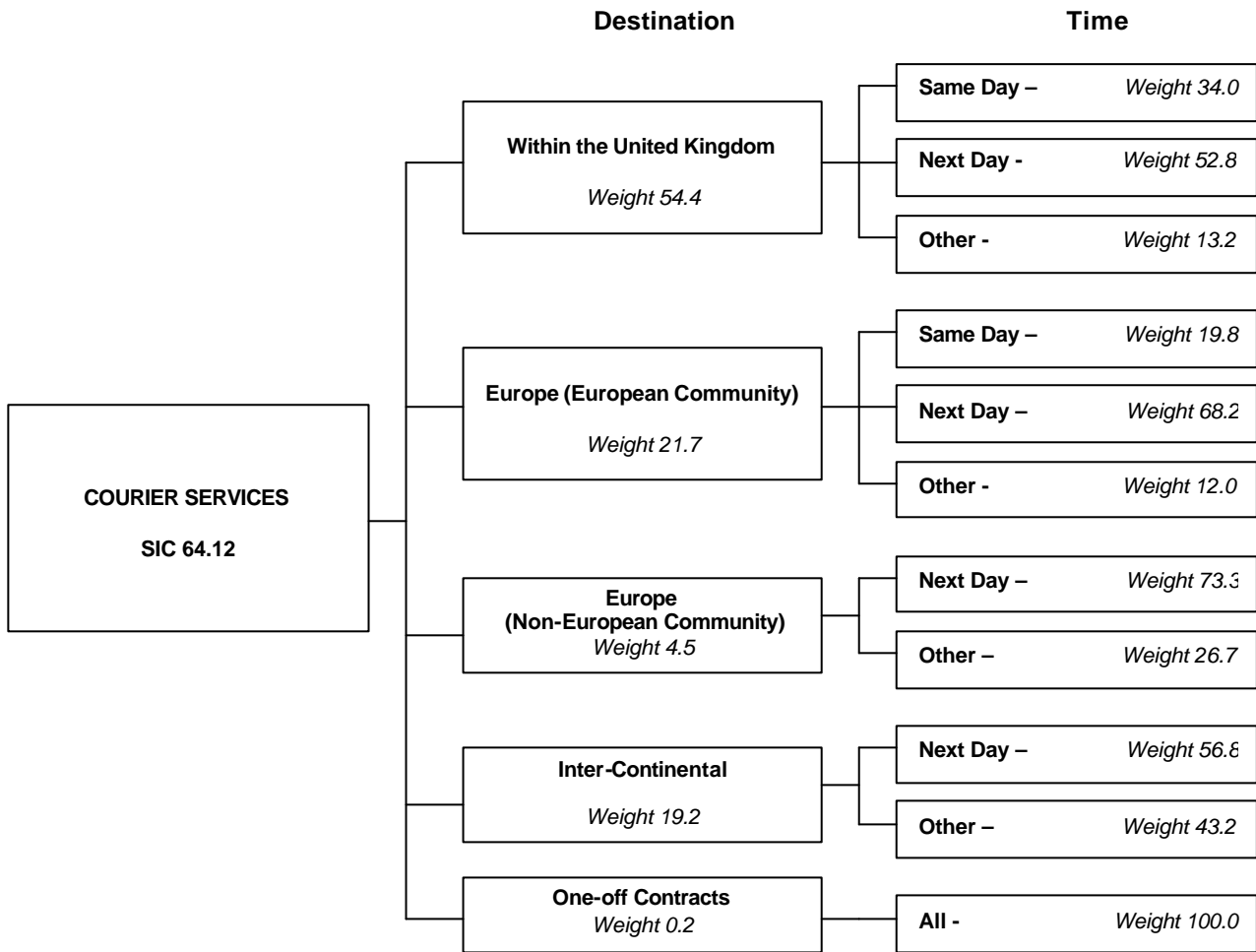
33. These, and any other issues which have not been highlighted here, together with any significant changes in the future to the way in which this industry operates or the nature of its services, will be covered by the next quality assurance review which CSPI undertakes on a regular basis. The results of a recent quality assurance survey of data suppliers indicated a general satisfaction with the way in which the quarterly prices survey is conducted, the nature and structure of the price specifications and the quality of the index and its movement since it started in 1995; but a degree of fine tuning is still required to further improve the quality.



**ANNEX A**

Fig.1

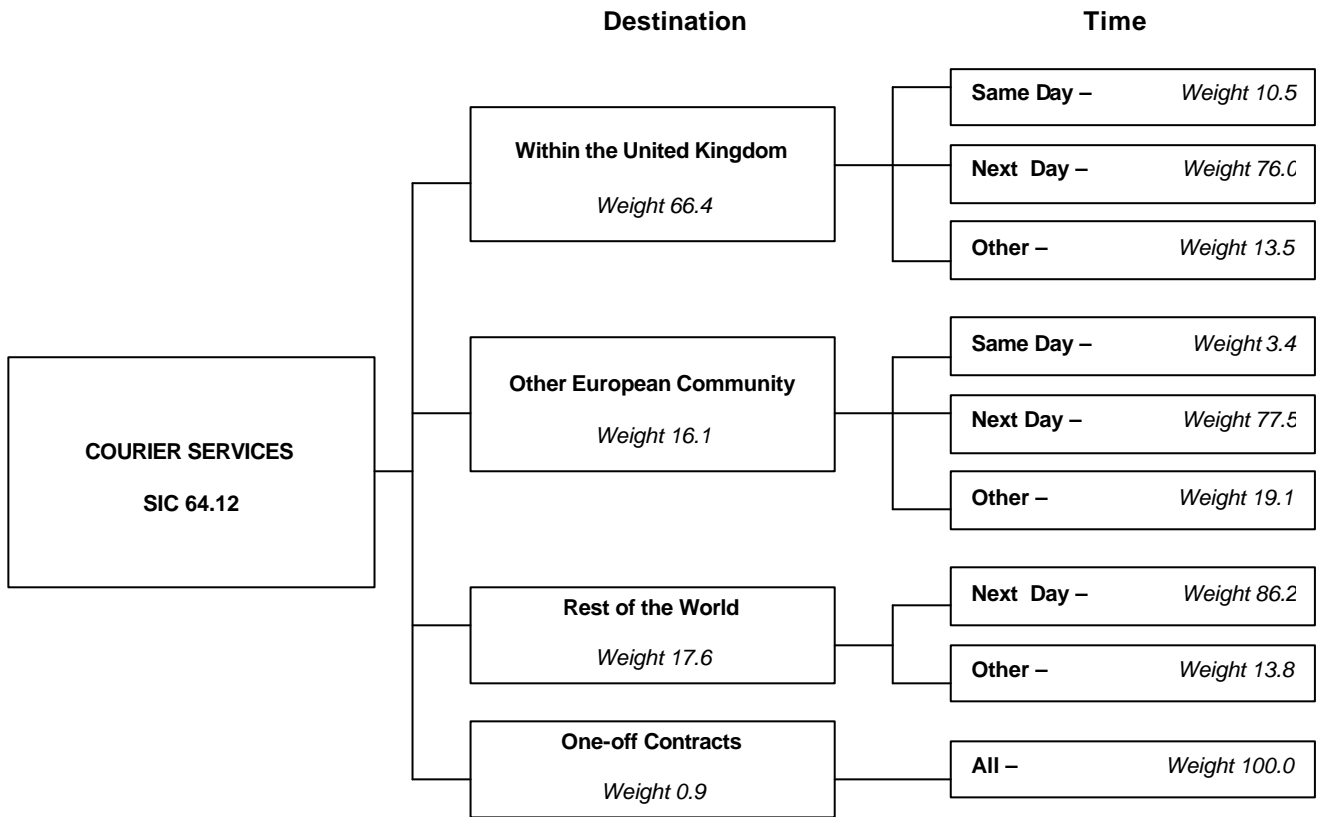
**Courier Services – Family Tree (1995)**



**ANNEX A**

Fig.2

**Courier Services – Family Tree (2000)**



## **ANNEX B**

### **Examples of Product Specifications Supplied by Contributors**

- UK Same Day – Delivery of documents (1kg.) from London to Manchester (flight).  
UK Same Day – Delivery of documents (5kg.) by motorcycle from London EC1 to Croydon.  
UK Same Day – Delivery of 1kg. parcel from Heston to Birmingham (road vehicle) – account holder, Tariff Group D.  
UK Same Day - Consignment up to 1,500kg. from Blackpool to Newport.  
UK Same Day – Delivery of documents up to 2kg. from London W1 to Heathrow Airport
- UK Next Day – Cartons weighing 20kg. from Glasgow to Plymouth.  
UK Next Day – Pouch of 10 letters (weight not exceeding 600gm.) Newbury to Birmingham.  
UK Next Day - Delivery of 10kg. parcel from Bristol to Nottingham.  
UK Next Day – Delivery of parcel up to 25kg. from Birmingham to Glasgow.  
UK Next Day – 37kg. parcel guaranteed delivery Leicester to Manchester.
- UK Other – 10kg. parcel from Aberdeen to London.  
UK Other – 37kg. parcel from Bristol to Birmingham.  
UK Other – 2 cartons weighing 20kg. from Glasgow to Plymouth.  
UK Other – Delivery by recorded service of 60gms. letter - nation-wide.  
UK Other – Single carton up to 25kg. Warrington to Guildford.
- Other EC Same Day – Delivery of documents under half kilo from London to Paris.  
Other EC Same Day – 10 cartons not exceeding 100kg. by van from London to Brussels.  
Other EC Same Day – Delivery of 1kg. documents Glasgow to Paris.  
Other EC Same Day – Delivery of 1kg. parcel from Hounslow to Amsterdam.  
Other EC Same Day – Delivery of 2.5kg. documents from London to Frankfurt.
- Other EC Next Day – 10kg. package by air express from Warrington to France.  
Other EC Next Day – Delivery of express documents up to 5kg. from London to Turin (10.30 delivery).  
Other EC Next Day – Delivery of 1kg. parcel from Guildford to Paris, corporate customer discount rate.  
Other EC Next Day – Delivery of 500gm. documents from London to Vienna.  
Other EC Next Day – 10kg. consignment from UK to Amsterdam.
- Other EC (Other) – Consignment up to 10kg. by road from UK to Germany.  
Other EC (Other) – Delivery of 100kg. package from London to Italy.  
Other EC (Other) – 10kg. parcel from Warrington to Brussels.  
Other EC (Other) – Delivery of parcel up to 5kg. from Sheffield to Southern Ireland.  
Other EC (Other) – 10kg. package from London to Paris.
- Rest of World Next Day – Delivery of 1kg. package from London to New York.  
Rest of World Next Day – Documents under half kilo from London to New York (by close of business).  
Rest of World Next Day – 1kg. consignment from UK to United Arab Emirates.  
Rest of World Next Day – 10kg. package by air express from Warrington to California.
- Rest of World (Other) – Delivery of 10kg. goods from UK to Australia.  
Rest of World (Other) – Consignment up to 1kg. from UK to Hong Kong.  
Rest of World (Other) – 1kg. parcel from Guildford to Orlando, Florida.  
Rest of World (Other) – 10kg. parcel from Warrington to New York, corporate customer discount rate.
- One-off Contracts – Carton of 2kg. of valuable documents from Glasgow to Brisbane.  
One-off Contracts – 24 cubic metre load (oversize) from Northants to Powys, UK (timed delivery).

## **ANNEX C**

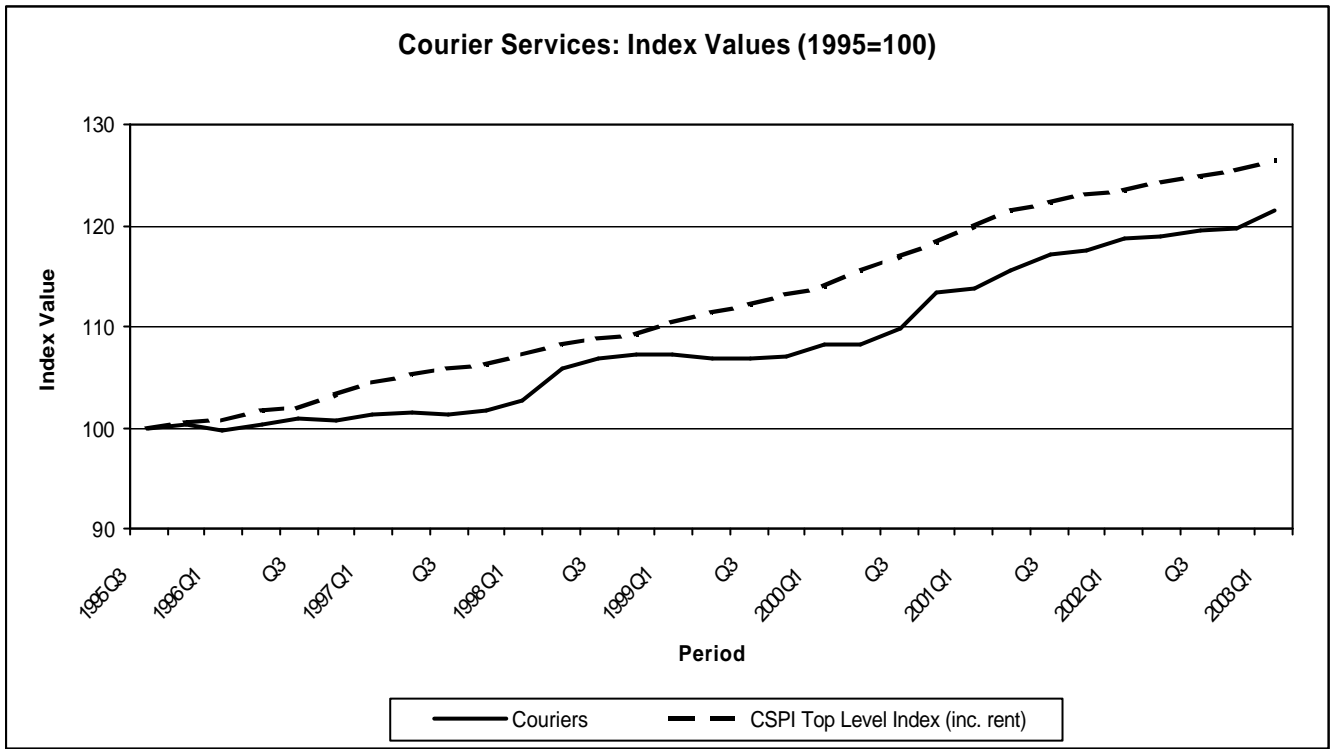
### Table 1

**CORPORATE SERVICES PRICE INDEX (1995=100)**  
**COURIER SERVICES**

	Courier services	Experimental top-level C SPI <i>incl rent</i>
<b>SIC(92)</b>	64.12	
<b>1995 weights</b>		
<b>Net sector (inc. rent)</b>	0.93	100.00
<b>1995 Q3</b>	99.9	100.0
<b>Q4</b>	100.3	100.4
<b>1996 Q1</b>	99.7	100.7
<b>Q2</b>	100.3	101.6
<b>Q3</b>	100.8	101.9
<b>Q4</b>	100.6	103.3
<b>1997 Q1</b>	101.2	104.5
<b>Q2</b>	101.5	105.3
<b>Q3</b>	101.2	105.9
<b>Q4</b>	101.7	106.3
<b>1998 Q1</b>	102.7	107.3
<b>Q2</b>	105.8	108.3
<b>Q3</b>	106.8	108.8
<b>Q4</b>	107.3	109.3
<b>1999 Q1</b>	107.3	110.4
<b>Q2</b>	106.9	111.3
<b>Q3</b>	106.9	112.2
<b>Q4</b>	107.0	113.1
<b>2000 Q1</b>	108.3	113.9
<b>Q2</b>	108.2	115.6
<b>Q3</b>	109.9	116.9
<b>Q4</b>	113.3	118.3
<b>2001 Q1</b>	113.8	120.0
<b>Q2</b>	115.6	121.4
<b>Q3</b>	117.2	122.3
<b>Q4</b>	117.6	123.0
<b>2002 Q1</b>	118.7	123.4
<b>Q2</b>	119.0	124.3
<b>Q3</b>	119.6	124.8
<b>Q4</b>	119.8	125.5
<b>2003 Q1</b>	121.5	126.4
<b>Percentage change on same quarter in previous year</b>		
<b>1996 Q3</b>	1.0	1.9
<b>Q4</b>	0.2	2.9
<b>1997 Q1</b>	1.5	3.8
<b>Q2</b>	1.2	3.7
<b>Q3</b>	0.3	3.9
<b>Q4</b>	1.1	2.9
<b>1998 Q1</b>	1.4	2.7
<b>Q2</b>	4.2	2.8
<b>Q3</b>	5.5	2.7
<b>Q4</b>	5.5	2.9
<b>1999 Q1</b>	4.5	2.9
<b>Q2</b>	1.0	2.7
<b>Q3</b>	0.1	3.1
<b>Q4</b>	-0.3	3.5
<b>2000 Q1</b>	0.9	3.2
<b>Q2</b>	1.3	3.9
<b>Q3</b>	2.8	4.2
<b>Q4</b>	5.9	4.5
<b>2001 Q1</b>	5.1	5.4
<b>Q2</b>	6.8	5.1
<b>Q3</b>	6.6	4.7
<b>Q4</b>	3.8	4.0
<b>2002 Q1</b>	4.3	2.8
<b>Q2</b>	2.9	2.4
<b>Q3</b>	2.1	2.1
<b>Q4</b>	1.9	2.0
<b>2003 Q1</b>	2.3	2.5

**ANNEX C (cont.)**

**Fig.5**



**Fig.6**

